IX. Schedule - - ASSIST Phase I

TASK /MONTH	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
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on-going task

task completed

meetings as scheduled

IX. Schedule -- ASSIST Phase II (Months 1-30)

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* on-going task on task completed meetings as scho

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IX. Schedule -- ASSIST Phase II (Months 31-60)

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X. PERSONNEL

Using the formula defined in the ASSIST RFP, it was determined that Michigan had 2.27 million smokers in 1985. Under the Uniform Budget Assumptions for the calculation of Direct Labor estimates, Michigan is eligible for funding from ASSIST to support 9.5 FTE's during Phase I and 17 FTE's during Phase II.

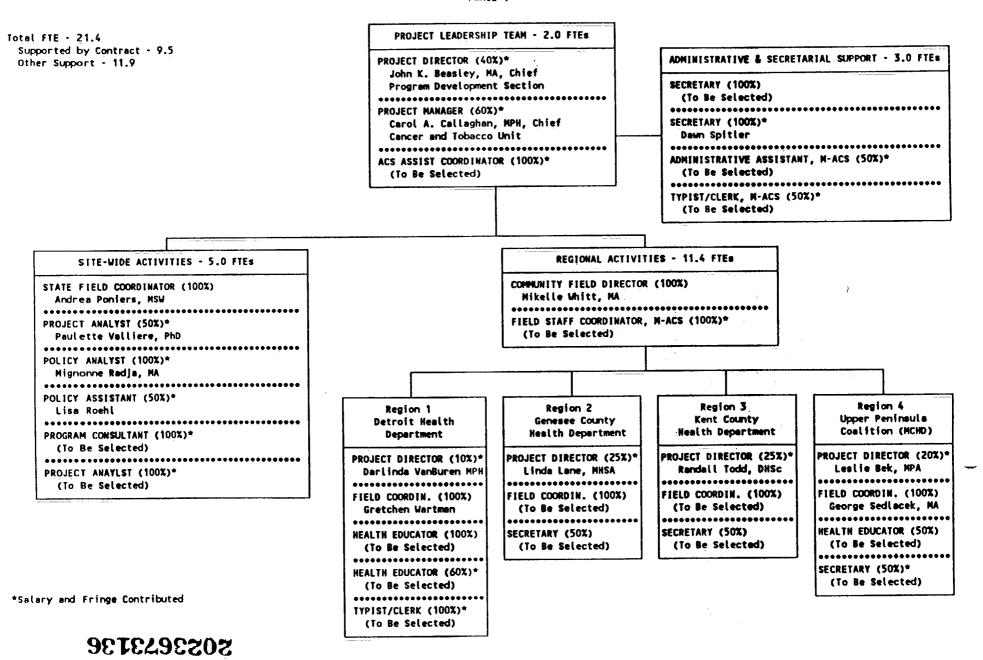
During Phase I, the contractor proposes to support 3 FTE's at the state level under the ASSIST contract, with the balance (6.5 FTE's) going to the four subcontractor health departments in the intervention regions. During Phase II, the contractor anticipates adding 1 FTE with contract funds at the state level (totaling 4 FTE's), with a total of 13 FTE's supported by the contract in the intervention regions. A total of 21.4 FTEs in Phase I and 31.4 FTEs in Phase II will work to support achievement of ASSIST objectives in Michigan. See organization charts that follow for ASSIST project personnel.

STAFFING AT THE STATE LEVEL

The Michigan Department of Public Health is committed to contributing to the ASSIST project all staff currently assigned to MITOP, plus supervisory personnel. Therefore, over the period of the contract, the Department's ASSIST Project Team will consist of the 12 individuals (10 FTE's) listed below, of which 8 positions (6 FTE's) will be contributed from non-ASSIST funds.

Federal funds from the National Cancer Institute (NCI) and the Centers for Disease Control (CDC) currently support several staff positions in MITOP that will be reassigned to ASSIST contract responsibilities. The current NCI grant ends on June 1, 1991 and therefore will not be relevant during the ASSIST project period. A cooperative agreement with the CDC that currently supports 2.5 FTE's is expected to continue until September, 1994. When the ASSIST contract begins, the individuals currently supported with CDC funds (i.e, Poniers, Whitt, and Spitler) will be reassigned to ASSIST functions, and new individuals will be hired to replace them to fulfill the department's contractual responsibilities to the CDC.

ASSIST PROJECT PERSONNEL PHASE 1



ASSIST PROJECT PERSONNEL PHASE 2

ADMINISTRATIVE & SECRETARIAL SUPPORT - 4.5 FTES Total FTE - 31.4 PROJECT LEADERSHIP TEAM - 2.0 FTES Supported by Contract - 17.0 SECRETARY (100%) PROJECT DIRECTOR (40%)* Other Support - 14.4 (To Be Selected) John K. Beasley, MA, Chief ********************************** Program Development Section SECRETARY (100%)* Dawn Spitler ********************************** PROJECT MANAGER (60%)* Carol A. Callaghan, MPH, Chief ADMINISTRATIVE ASSISTANT, (100%) Cancer and Tobacco Unit (To Be Selected) -----............ ACS ASSIST COORDINATOR (100%)* ADMINISTRATIVE ASSISTANT, M-ACS (100%)* (To Be Selected) (To Be Selected) ••••••• TYPIST/CLERK, N-ACS (50%)* (To Be Selected) REGIONAL ACTIVITIES - 17.9 FTES SITE-WIDE ACTIVITIES - 6.0 FTES COMMUNITY FIELD DIRECTOR (100%) STATE FIELD COORDINATOR (100%) Andrea Poniers, MSW Mikelle Whitt, MA *********************************** •••••••• PROJECT ANALYST (50%)* FIELD STAFF COORDINATOR, M-ACS, (5 @ 50%)* Paulette Valliere, PhD (To Be Selected) ****************************** POLICY ANALYST (100%)* Mignonne Radja, MA ******************************* POLICY ASSISTANT (50%)* Lisa Roehl Region 1 Region 2 Region 3 Region 4 ************************************ Detroit Health Genesee County Kent County Upper Peninsula PROGRAM CONSULTANT (100%)* Health Department Coalition (MCHD) Department Health Department (To Be Selected) PROJECT DIRECTOR (10%)* PROJECT DIRECTOR (25%)* PROJECT DIRECTOR (25%)* PROJECT DIRECTOR (20%)* PROJECT ANALYST (100%)* Randall Todd, DHSc Leslie Bek, MPA Darlinda VanBuren MPH Linda Lane, MHSA (To Be Selected) **************** ****************** -----FIELD COORD (2 8 100%) FIELD COORDIN. (100%) ------FIELD COORDIN. (100%) FIELD COORD (2 8 100%) FIELD STAFF COORDINATOR - M-ACS (100%)* (To Be Selected) (To Be Selected) George Sedlacek, MA Gretchen Wartman (To Be Selected) ************ -----********* ************** SECRETARY (100%) HEALTH EDUCATOR (100%) HEALTH EDUC (3 8 100%) SECRETARY (100%) (To Be Selected) (To Be Selected) (To Be Selected) (To Be Selected) ••••• **************** SECRETARY (100%) SUPRV HLTH EDUC (60%)* (To Be Selected) (To Be Selected) *Salary and Fringe Contributed TYPIST/CLERK (100%)* (To Be Selected)

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ASSIST PROJECT TEAM MICHIGAN DEPARTMENT OF PUBLIC HEALTH

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- *Project Director (40% Phase I, 40% Phase II)
 John Beasley, M.A., Chief, Program Development Section
- *Project Manager (60% Phase I, 60% Phase II)
 Carol Callaghan, M.P.H., Chief, Cancer and Tobacco Unit
- State Field Director (100% Phase I, 100% Phase II)
 Andrea Poniers, M.S.S.W., Tobacco Program Consultant
- Community Field Director (100% Phase I, 100% Phase II)
 Mikelle Whitt, M.A., Community Coalition Consultant
- *Project Analyst (50% Phase I, 50% Phase II)
 Paulette Valliere, Ph.D., Cancer and Tobacco Unit Analyst
- *Policy Analyst (100% Phase I, 100% Phase II)
 Mignonne Radja, M.A., Clean Indoor Air Policy Analyst
- *Policy Assistant (50% Phase I, 50% Phase II)
 Lisa Roehl, M.A., Clean Indoor Air Policy Assistant
- *Secretary (100% Phase I, 100% Phase II)
 Dawn Spitler, Tobacco Program Secretary
 - Secretary (100% Phase I, 100% Phase II)
 To Be Selected
- *Coalition Consultant (100% Phase I, 100% Phase II)
 To Be Selected
- *Project Analyst (100% Phase I, 100% Phase II)
 To Be Selected
 - Administrative Assistant (0% Phase I, 100% Phase II)
 To Be Selected
- * Positions contributed by the contractor to support the ASSIST project.

Information about these positions and the individuals who comprise the ASSIST Project Team follows. Resumes can be found in Appendix Q.

Project Director

This individual will co-chair the Executive Committee, manage the fiscal resources and affairs of the project, resolve any contract-related problems, assure adequate communication within the Michigan Department of Public Health between the ASSIST project staff and the Department's executive and fiscal staff to facilitate project activities and to expedite policy decisions, and assist the Project Manager in the coordination of this undertaking.

The individual who will be Michigan's ASSIST Project Director is JOHN BEASLEY. Mr. Beasley received a Master's degree in Political Science from the University of Chicago in 1968. He has been employed throughout his career in the public service sector, initially with the Office of Economic Opportunity and the Community Action Program.

For the past 20 years, he has worked at the Michigan Department of Public Health in increasingly responsible positions. He was a health planner in the Department's planning and evaluation unit, followed by several years providing consultation in administration and program planning to the state's 48 local health departments. He served as chief of the state-wide diabetes program for seven years before being promoted to his current senior level position which oversees the diabetes and cancer and tobacco programs. Under his leadership, the section has expanded from 5 FTE's to its current level of 18 FTE's. His section is responsible for the majority of chronic disease-related activities of the state health department. In addition, Mr. Beasley is the state health department's spokesperson on issues related to tobacco.

The funds that support the Program Development Section come from a variety of state and federal sources, totalling \$1.2 million. All programs under Mr. Beasley's direction operate on a state—wide basis, offering program planning, consultation, quality assessment, public and professional education, applied research studies, pilot projects, surveillance, evaluation, and advocacy. He is in regular and frequent contact with local health departments and state agencies in Michigan as well as across the nation. He frequently communicates with individuals in the state legislature and other policy arenas, universities and medical schools, professional associations, voluntary health organizations, businesses, labor groups, and the media.

Mr. Beasley has considerable knowledge of community organization principles. In addition, he has extensive knowledge and experience in organizing and managing, both programmatically and fiscally, community health programs in disease control and health promotion.

Project Manager

During Phase I, the Project Manager will be responsible for the day-to-day operations of the project, will work with the ASSIST Project Coordinator from the American Cancer Society, Michigan Division, to oversee the state and community coalitions and their activities, will supervise the production of the Comprehensive Smoking Control Plan, and will direct the field staff. During Phase II, additional responsibilities will include participating in and organizing project-related training, and ensuring proper record keeping and reporting as required by the ASSIST contract. The Project Manager will be a member of the ASSIST Executive Committee.

The Project Manager position will be filled by CAROL CALLAGHAN. Ms. Callaghan received a Master's of Public Health degree from the University of Michigan in 1974 in two specialty areas: Human Nutrition, and Maternal and Child Health. She is currently completing work toward a second M.P.H. degree in Health Services Management and Policy, also from the University of Michigan. Prior to receiving her public health training, she worked in several Veterans Administration hospitals as a clinical dietitian, primarily providing patient education and medical and nursing education.

Ms. Callaghan has been with the Michigan Department of Public Health for the past 16 years in a variety of increasingly responsible technical and administrative positions. She worked as a regional nutrition consultant to local health departments and then as a general consultant to Native American and Migrant Farm Worker health programs. Her experience with adult health programs include significant interagency policy work with state and county offices of social services, mental health, and aging, among others. She worked as the senior program consultant and supervisor in the statewide diabetes program, responsible for developing state guidelines and policies, and designing and overseeing a major interagency demonstration project involving Michigan's entire Upper Peninsula. For the past three years, she has served as chief of the state's Cancer and Tobacco Unit.

The Cancer and Tobacco Unit is supported by funding from both state and federal sources. Federal support comes from an NCI grant, as well as a cooperative agreement from the CDC. Program funding totals approximately \$600,000, supporting 9 FTE's. Under Ms. Callaghan's leadership, cancer control program activities have included the development and dissemination of consensus guidelines for physicians for the early detection of breast cancer, and facilitation of the passage of legislation related to breast cancer, which included precedent-setting guidelines for quality assurance in mammography and a system approach to mortality reduction.

Tobacco program (MITOP) activities directed by Ms. Callaghan include: development of policies, procedures, and guidelines to enable the department to enforce the Michigan Clean Indoor Air Act; initiation and support of community coalitions for tobacco control; support of the 1989 Tobacco Reduction Task Force which developed recommendations for reducing tobacco use in the state by 50 percent by the year 2000; and formation of a coalition of state organizations and key leaders to implement the tobacco control recommendations.

Ms. Callaghan has significant knowledge of community organization and change-agentry principles, and extensive experience providing consultation to agencies, organizations and individuals. She has had considerable experience organizing and managing community health programs. Throughout her career, she has worked with state and local coalitions as vehicles to facilitate social policy change. She has considerable experience working with volunteers, having held positions on state-level committees of several voluntary health associations (including the American Cancer Society, Michigan Division) as well as of numerous professional organizations.

Field Directors

Two individuals will serve as field directors in Michigan's ASSIST project. During Phase I, the State Field Director will coordinate the state-wide component of the project, provide technical and administrative staff support to the state coalition, work with project staff in the ACS Division office, complete the baseline site analysis at the state level, and develop the Comprehensive Smoking Control Plan. The Community Field Director will coordinate the intensive intervention region component, help to organize the Detroit coalition, work with ACS Unit staff, participate in the selection and supervision of the Field Coordinators to be employed by the four local health department subcontractors, coordinate the baseline site analyses in the intervention regions, and assure that the Comprehensive Smoking Control Plan is responsive to community concerns.

The State and Community Field Directors will take on additional responsibility in their respective areas during Phase II, including implementation of ASSIST activities, training, and maintenance of program records.

The State Field Director will be ANDREA PONIERS. Ms. Poniers received a Master's of Science in Social Work degree from the University of Wisconsin-Madison in 1980. She worked for seven years in positions as medical social worker, employee assistance counselor, and consultant. She also worked with the Michigan Chapter of the National Association of Social Workers as a

legislative specialist, responsible for monitoring and analyzing legislation, communicating with legislators, and mobilizing social worker members for political action. She has been employed by the Michigan Department of Public Health for the past 20 months as a consultant, responsible first for staffing the 1989 Tobacco Reduction Task Force, and for researching and producing its report and recommendations. She currently is responsible for organizing and staffing the large state-wide coalition formed to implement the Task Force recommendations.

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Ms. Poniers has considerable knowledge of the behavioral sciences and community organization principles and practices. She understands the psychosocial aspects of health care as well as the political aspects of the health care system. She has had experience drafting policy papers and technical reports. She has had considerable experience working with groups in the public, private, and voluntary sectors at both the local and state levels, and she is skilled in group process techniques.

The Community Field Director will be MIKELLE WHITT. Ms. Whitt received a Master's of Arts degree in Public Health Education from Central Michigan University in 1981. She worked for five years in local health departments in Michigan as a health educator, assigned to a variety of programs ranging from smoking cessation to cholesterol screening. She initiated and coordinated an interagency coalition project dealing with adolescent pregnancy prevention. She was a charter member of a local anti-tobacco coalition, representing her agency as the group worked to encourage area health care facilities and schools to adopt smoke-free policies. She has been employed by the Michigan Department of Public Health for the past four months as a consultant to Michigan's local community tobacco coalitions, assisting them in planning and organizing their efforts. addition, she offers consultation to individuals and groups interested in forming new coalitions.

Ms. Whitt has significant knowledge of community organization principles and practices. She has developed health programs in local agencies and understands how to help others plan and organize such programs. She has had significant experience working with community groups and coalitions.

Project Analyst

This individual, working in a part-time capacity, will assist during Phase I in documenting community tobacco problems, preparation of the site analysis and preparing the implementation plan. During Phase II, this individual will help to evaluate and document the effectiveness of various measures to reduce tobacco use.

PAULETTE VALLIERE will serve as the Project Analyst under the ASSIST contract. Dr. Valliere received a Ph.D. in Developmental Psychology from Michigan State University in 1986. She had ten years of experience performing data analyses as a research assistant and associate on a variety of federal grants before becoming employed by the Michigan Department of Public Health 2-1/2 years ago as an analyst in the Cancer and Tobacco Unit. As a member of this unit, she assisted in the research required for the Tobacco Reduction Task Force report, helping to document the tobacco problem and its consequences for Michigan. In addition, she designed, conducted, and analyzed a state-wide survey of primary care physicians to determine attitudes and practices regarding breast cancer screening.

Dr. Valliere has analyzed Behavioral Risk Factor Survey data, prepared reports of findings, and developed questions specifically designed for the Michigan BRFS survey. She has designed, conducted, and is currently analyzing an evaluation of Michigan's community tobacco coalitions to identify factors associated with achievement of community tobacco control objectives. In addition, she wrote the state health department's long-range cancer prevention and control plan, and assisted in the pilot testing of the SAMMEC II computer software program for the CDC.

Policy Analyst

The ASSIST Policy Analyst will work with the Michigan Clean Indoor Air Act, which is central to tobacco control policy in the state. Expanding the Act to the private sector, as well as improving public support and enforcement of the Act, will be important to policy interventions under the ASSIST project.

The ASSIST Policy Analyst will be MIGNONNE RADJA. Ms. Radja received a Master of Arts degree in Classroom Learning and Guidance from Michigan State University in 1983. She has held a variety of teaching positions before joining the Michigan Department of Public Health two years ago as a policy analyst in MITOP. She is the individual responsible for enforcement of the Michigan Clean Indoor Air Act. In this capacity, she explains and interprets the Act on a daily basis to the public, employers, attorneys, and the media. She receives, investigates, and handles complaints of violations of the law.

As part of her duties, Ms. Radja interacts with other state and local government agencies, as well as the many organizations in the private sector that are covered by this law. She consults with employers and others interested in drafting policies that go beyond the minimum provisions of the current state clean indoor air law, encouraging adoption of smoke-free provisions. In addition, she analyzes legislation and recommends additional

changes needed in smoking control laws and ordinances to protect the public. She regularly speaks to groups and organizations about the hazards of environmental tobacco smoke and the benefits of policies that restrict or prohibit smoking.

Policy Assistant

The ASSIST Policy Analyst will be supported by a Policy Assistant, LISA ROEHL. Ms. Roehl is currently enrolled in a Ph.D. program at Michigan State University in Developmental Psychology. She has worked at the Michigan Department of Public Health for one year as an assistant to the Policy Analyst responsible for enforcing the Michigan Clean Indoor Air Act. She responds to questions about the law and maintains a detailed data bank of all calls, both complaints and requests for information. This information is used to track complaints of violations, in compliance with the enforcement procedure. It also is used to identify possible supporters of stronger regulations dealing with environmental tobacco smoke, for future contact.

<u>Secretaries</u>

The ASSIST contract requires significant record keeping, frequent communication with groups and individuals across the state, and coordination of multiple on-going activities. Therefore, strong secretarial support will be essential to the ASSIST Project Team.

DAWN SPITLER is currently employed at the Michigan Department of Public Health as secretary to MITOP, and will continue in this capacity under the ASSIST contract. She is responsible for support services needed by program staff, including communications to the state coalition and local coalitions, and support services before, during, and after meetings of these groups. She is responsible for processing all contracts and purchase orders for the program.

A second Secretary will be added to the ASSIST Project Team under the ASSIST contract.

Coalition Consultant

This position is currently occupied by Mikelle Whitt (above), but will be vacated when she moves into the Community Field Director position under the ASSIST contract. The individual hired into this position will provide consultation and other services to local coalitions in areas of the state other than the ASSIST intensive intervention regions. The combination of ASSIST-funded coalitions and other anti-tobacco coalition efforts around the state will ensure that the majority of Michigan's residents will have access to strong anti-tobacco education, cessation, and

prevention services, and will benefit from tobacco control policy changes.

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Project Analyst

Funding for this position will be made available when Andrea Poniers (above) moves into the State Field Director position. This individual, working in a full-time capacity, will assist in documenting tobacco problems, identifying resources, and contribute to the preparation of the site analysis and plan. Additional specific responsibilities include preparation of an annual tobacco report describing prevalence of tobacco use, level of consumption, health and economic impact of tobacco use. The report will describe progress made in implementing the recommendations of the Michigan Tobacco Reduction Task Force, and note other significant tobacco-related achievements during the year. This analyst will also be responsible for documenting efforts and evaluating the impact of local anti-tobacco coalitions in communities outside of the four ASSIST Project intensive intervention regions.

Administrative Assistant

This staff support position is currently vacant but will be filled when activities increase during Phase II of ASSIST. The Administrative Assistant will work with the Secretaries in providing fiscal, coalition, planning, and programmatic support services. These will include: maintaining the communication network between coalitions, ASSIST project staff, and the NCI; maintaining the record of sources of materials, expertise, and services; and assisting in meeting preparation and planning.

PERSONNEL IN THE INTERVENTION REGIONS

The balance of the FTE's for which Michigan is eligible under the ASSIST award will be located in the subcontracting agencies in each intensive intervention region.

Four Field Coordinators hired during Phase I of the ASSIST contract by the subcontracting local health departments will act as Field Directors for the intervention regions, working closely with the Community Field Director (state office). These individuals will be responsible for introducing the project to local communities, conducting local baseline site analyses, identifying local concerns to be reflected in the Comprehensive Smoking Control Plan, and organizing local ASSIST coalitions. During Phase II, these individuals will continue to work with the Community Field Director in establishing interventions, supporting local coalitions, and maintaining ASSIST project records.

Each Field Coordinator will be supervised by a Local Project Director in the subcontracting local health department. The Local Project Director will oversee the operation of the ASSIST project within the local health department, provide direction to the Field Coordinator in carrying out ASSIST activities and coordinating the local ASSIST coalition, and ensure the availability of the health department's resources for use on the ASSIST project,

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The charts below detail the distribution of FTE's across the ASSIST Project Teams in the four intensive intervention regions.

ASSIST PROJECT TEAM MARQUETTE COUNTY HEALTH DEPARTMENT (U.P.)

•	Phase I	Phase II
Field Coordinator George Sedlacek, Jr., M.A.	1.0 FTE	1.0 FTE
Health Educator	0.5	1.0
Secretary	0.5 *	1.0
Local Project Director Leslie Bek, M.P.A.	0.20 *	0.20 *
Total FTE's Total charged to ASSIST	2.2 1.5	3.2 3

^{*} Positions contributed by the subcontracting agencies to support the ASSIST project.

At the Marquette County Health Department, the Field Coordinator will be GEORGE SEDLACEK JR. Mr. Sedlacek received a Master's degree in Health Education from Northern Michigan University. He has more than ten years of experience as a health educator in local health departments, most of which have been in Marquette County. In this capacity, he has also served as the coordinator of the U.P. Regional Technical Assistance Center for the Worksite Wellness program. Most relevant to the ASSIST project, Mr. Sedlacek is the coordinator of the Marquette County Tobacco Or Health Community Coalition, which has been exceptionally successful in raising community awareness of the tobacco problem, changing public and private tobacco control policies, and encouraging community members to quit their tobacco habits. The

success of this coalition is testimony to his ability to work with special interest groups and the public, assess community needs, and plan and organize interventions. Mr. Sedlacek also served as a member of the 1989 Tobacco Reduction Task Force.

The Local Project Director in Marquette will be LESLIE BEK. Ms. Bek has a Master's degree in Public Administration and eight years of experience working in public health settings. For the past five years, she has been the supervisor of the Health Promotion/Risk Reduction Division at the Marquette County Health Department. She has managed several community health contracts and grants, including the MHI Regional Technical Assistance Center contract. Other activities under her supervision are the Marquette County Tobacco Or Health Community Coalition, the Marquette County Health Promotion Partnership, and the Injury Control Coalition. Ms. Bek has significant experience in recruiting and managing volunteers.

ASSIST PROJECT TEAM CITY OF DETROIT HEALTH DEPARTMENT

	Phase I	Phase II
Field Coordinator Gretchen Wartman	1.0 FTE	1.0 FTE
Senior Health Educator	1.0	1.0
Health Educator	0.1 *	2.0
Typist/Clerk	1.0 *	1.0 *
Local Project Director Darlinda VanBuren, M.P.H.	0.1 *	0.1 *
Superv. Hlth Educator	0.5 *	0.6 *
Total FTE's Total charged to ASSIST	3.7 2.0	5.7 4.0

^{*} Positions contributed by the subcontracting agencies to support the ASSIST project.

At the City of Detroit Health Department, the Field Coordinator will be GRETCHEN WARTMAN. Following graduate studies in Management, Statistics, and Economics at George Washington University in Washington, D.C., Ms. Wartman has had significant experience in health planning, administration, and consultation. Included among her duties has been developing planning documents,

staffing various committees and boards, and designing a hospital-based older adult services network suitable for marketing to employers. She is currently employed as a consultant with the City of Detroit Health Department, responsible for development of strategic plans to improve service delivery. Ms. Wartman coordinated the effort to recruit potential members of the Detroit ASSIST coalition.

The Local Project Director in Detroit will be DARLINDA VANBUREN. Ms. VanBuren has a Master of Public Health degree. She has 18 years of experience in public health settings, and has worked in a supervisory capacity for the past 10 years. Her current position is as Health Care Administrator for the City of Detroit Health Department. She has extensive experience managing community health contracts and grants, and has also supervised the coordination of other health-related coalitions in the Detroit area.

ASSIST PROJECT TEAM KENT COUNTY HEALTH DEPARTMENT

	Phase I	Phase II
Field Coordinator/s To Be Selected	1.0 FTE	2.0 FTE
Secretary	0.5	1.0
Local Project Director Randall Todd, D.H.Sc.	0.25 *	0.25 *
Total FTE's Total charged to ASSIST	1.75 1.5	3.25 3

^{*} Positions contributed by the subcontracting agencies to support the ASSIST project.

The Field Coordinator at the Kent County Health Department, to be selected, will be experienced in community organization and community projects, with a graduate degree in public health or a related discipline.

Kent County's Local Project Director will be RANDALL TODD. Dr. Todd holds a Doctor of Health Science degree as well as a Master's degree in public health. He has served in public health settings for more than ten years, providing supervisory services for the last nine years. His current position is Director of Health Promotion and Disease Prevention at the Kent County Health Department. He has managed several health contracts and grants,

including the MHI Regional Technical Assistance Center contract, the tobacco reduction coalition grant, and training of trainers grants for substance abuse relative to AIDS. The Community AIDS Council and the SAFE (anti-tobacco) Coalition are under his supervision.

ASSIST PROJECT TEAM GENESEE COUNTY HEALTH DEPARTMENT

	Phase I	Phase II
Field Coordinator/s To Be Selected	1.0 FTE	2.0 FTE
Secretary	0.5	1.0
Local Project Director Linda Lane, M.H.S.A.	0.25 *	<u>0.25</u> *
Total FTE's Total charged to ASSIST	1.75 1.5	3.25 3

^{*} Positions contributed by the subcontracting agencies to support the ASSIST project.

The individual selected to fill the Field Coordinator position at the Genesee County Health Department will have experience and skill in community organization and coordinating community projects, with a degree in public health or a related field.

At the Kent County Health Department, the Local Project Director will be LINDA LANE. Ms. Lane has a Master's of Health Services Administration degree and more than six years experience in public health. She has been a supervisor for nearly five years, currently serving as the health department's Health Promotion Supervisor. She has managed the Health Care Access Project, funded by the Robert Wood Johnson Foundation, and the tobacco reduction coalition grant through the state health department. Ms. Lane has worked with the Health Care Access Coalition, supervised the SMART (anti-tobacco) Coalition, and served as chair of the access subcommittee for the Detroit/Wayne County Infant Health Promotion Coalition.

PERSONNEL AT THE AMERICAN CANCER SOCIETY, MICHIGAN DIVISION

During Phase I, the American Cancer Society, Michigan Division, will provide 3 FTE's to the ASSIST project. The <u>Project</u> <u>Coordinator</u> (1 FTE), working out of the Division office, will work with the Project Manager at the Michigan Department of

2023673150

Public Health in overseeing state and local coalition efforts, and will act as a liaison to the ACS Public Issues Committee and other relevant groups, to ensure that ACS leadership is informed of ASSIST activities. The ACS Project Coordinator will be a member of the ASSIST Executive Committee.

Field Staff (1 FTE) will work closely with local Field Coordinators in the intervention regions. This position will coordinate the response of the local ACS units to ASSIST intervention needs, and will work with the ACS volunteer network to recruit participants for ASSIST activities. In addition, this individual will coordinate collection of information from local units to be used in developing the local site analyses and the Comprehensive Smoking Control Plan.

In addition, during Phase I, an <u>Administrative Assistant</u> and a <u>Clerical Staff</u>, totaling 1 FTE, will be added to provide support services to the Project Coordinator and Field staff.

During Phase II, the ACS personnel contribution will increase to 6 FTE's. Five Field Staff persons (2.5 FTE's) will work in the intervention regions to plan implementation of ASSIST programs and services, and a full-time field staff person will be added to help the Project Coordinator with state-wide activities. In addition, the Administrative Assistant will be increased to one FTE, to provide additional support services as the intervention phase gets underway.

XI. FACILITIES

Describe office space, meeting facilities, storage space for materials and records, photocopy equipment, and other needed facilities.

Michigan Department of Public Health - MITOP

There will be ten staff persons (nine FTEs) and two secretaries available for the ASSIST project through MITOP. There is approximately 1,000 square feet of work space available for the ASSIST project, with work space of at least 64 square feet per person. There are currently 14 lateral files available for the ASSIST project, each measuring 12" X 36". Additional files will be purchased as required.

There are several conference rooms available in the Michigan Department of Public Health facility. Three of these rooms are adjoining, and with room dividers removed, they have a maximum capacity of 110 people classroom style and 225 people theatre style. Meetings can also be held in one of the many local conference centers/hotels in Lansing.

A photocopy machine that sorts, collates, and creates two-sided copies is available in the facility, near the MITOP offices. A smaller, single-copy photocopying machine is available within MITOP.

Marquette County Health Department

The four members (2.2 FTEs) of the Health Department staff who will be working on the ASSIST project will be housed in the Health Education/Health Promotion Division of the Department. The staff will have individual offices and share a common work room. The total area of this space is approximately 2,000 square feet. Storage files that lock and are fireproof will also be available. A safe is available that can be used to store computer disks.

Conference rooms are available in the Health Department building. These rooms can hold 60 persons classroom style and 100 persons theatre style. The Department also has three photocopy machines available for use on the ASSIST project.

Genesee County Health Department

Three staff members (1.75 FTEs) will be working on the ASSIST project in Genesee County. They will share a 180 square foot office, a 170 square foot work station, and a 100 square foot

work space. Two storage rooms will be made available for the ASSIST project, in addition to the regular storage area currently used for smoking cessation projects.

Meetings will be held at the Genesee County Health Department and at the facilities of coalition members. In total, there will be available five conference rooms and two interview rooms. Of these, three can hold more than 40 persons. The health department has two photocopiers available for use. One machine is large and excellent for multiple copies, collating and automatic two-sided coping.

Kent County Health Department

The three staff members (1.75 FTEs) working at the Kent County Health Department on ASSIST will have approximately 60 square feet of office space per staff person. The Health Department currently has approximately 2,000 square feet of unassigned office space that will be used for ASSIST. The multi-purpose room within the Kent County Health department can accommodate up to 200 persons for project coalition meetings. The Health Department is easily accessible from all areas of the county and is on a public bus route. Adequate parking is adjacent to the building.

Office equipment and files are purchased on an as needed basis. Generally, professional staff have one to two lateral files, or more depending on their work tasks. The Health Department has two high-capacity, high-speed photocopy machines with duplex, sort, and collating capabilities.

City of Detroit Health Department

The City of Detroit Health Department will assign six staff members (3.7 FTEs) to work on the ASSIST project. They will have approximately 126 square feet of office space available for each staff person on the ASSIST project. (The facility is a former hospital, allowing staff individual office space that is the size of a hospital room.) Space is available in each office for the necessary files and document storage.

Meeting space at the Health Department can accommodate fifteen to twenty people. For larger groups, the Department will use area hotel meeting rooms or space in centrally-located facilities such as Wayne State University.

The Health Department has several photocopiers available for use. One machine is large and excellent for multiple copies, collating and automatic two-sided coping.

XII. EQUIPMENT

Document that sufficient IBM-compatible microcomputer equipment and software will be available to support the current version of word processing used by the government, to store records of program events and activities, to send and receive electronic messages from the ASSIST Coordinating Center, and to maintain records of project expenditures.

Michigan Department of Public Health - MITOP

Each MITOP office space contains a personal computer and a dedicated printer. All of the personal computers are IBM-compatible and have at least 20MB of hard disk space and 640K of random access memory (RAM). Four of the machines have 40MB of hard disk space and one of these has 8MB of RAM. There are three laser printers and five dot matrix printers available.

WordPerfect 5.0 and Lotus 1-2-3 are available on all seven machines. One machine contains SPSS PC+ version 2.0, Lotus Freelance, SAMMEC-2 and EPI INFO. Another machine contains Lotus Agenda. Two 2400 baud modems are also available. MITOP has use of a FAX machine located in an adjacent room. The Department has a bulk mail permit.

Marquette County Health Department

The offices in the Health Department facility allow room for computer work stations. There are a total of five computers available in the Health Education/Health Promotion Division, a number adequate to support current staff. Each contains 640K of RAM and 40MB of hard disk space. The Department has available one modem, and has access to WordPerfect 5.0 and Lotus 1-2-3 via a Local Area Network.

Also available are: desktop publishing capabilities, a laser printer, jetscanner, sheet reader, and several computer printers. The Department also has audio visual equipment including a VCR, color TV, two overhead projectors, and two slide projectors. A FAX machine and a bulk mail permit are also available in the Department.

Genesee County Health Department

The Health Promotion Division of the Genesee County Health Department has three computers (two Honeywell and one Tandy), adequate to meet the needs of current Division staff. Each has 640K of RAM and 20MB of hard disk space. There are two dot matrix printers, one laser printer, and approximately one dozen

modems available for use. There are two copies of Lotus 1-2-3, one copy of Pagemaker and a scanner. The Health Department uses Professional Write and Uniplex for word processing, and does not have WordPerfect 5.0. However, access to WordPerfect via modem can be arranged. The Health Department has a FAX machine as well as a bulk mail permit.

Kent County Health Department

The Kent County Health Department's Division of Health Promotion has seven computers available to it, a number adequate to meet the needs of current staff. All computers have or will have at least 40MB of hard disk space and 1 to 2MB of random access memory. Staff offices are designed to accommodate either a network or stand alone personal computer. Dedicated printers are installed where needed. The department also has access to a FAX machine and has a permit for bulk mailing.

City of Detroit Health Department

The Health Department will have available numerous IBM-compatible computers with Word Perfect 5.0 and Lotus 1-2-3, sufficient to meet the needs of current staff. Space is available in each office for computer equipment. Each computer has or will have at least 640K of RAM and 20MB of hard disk space. The Department will make available at least one modem. There are two FAX machines in the Health Department. However, since these machines are heavily used, a third machine will be purchased during the ASSIST project. The Health Department has a permit for bulk mailing.

XIII. TECHNICAL PROPOSAL COST INFORMATION

The pages that follow detail the estimated direct cost to meet the terms and conditions of this RFP in the manner which has been described in this proposal.

TECHNICAL PROPOSAL COST INFORMATION/SUMMARY OF LABOR AND DIRECT COSTS

DIRECT LABOR		Year l FY92	Year 2 FY93	Year 3 FY94	Year 4 FY95	Year 5 FY96	Year 6 FY97	Year 7 FY98	TOTAL	HOURS CHARGED TO
Labor Category	Rate	(Hours)	(Hours)	(Hours)	(Hours)	(Hours)	(Hours)	(Hours)	HOURS	ASSIST
PROFESSIONAL STAFF:										
Project Director,									5 045	
John Beasley*	27.12	835	835	835	835	835	835	835	5,845	
Project Manager,						1053	1053	1053	0 771	
Carol Callaghan*	24.80	1253	1253	1253	1253	1253	1253	1253	8,771	/
State Field Director,				2000	2000	2000	2088	2088	14,616	14,616
Andrea Poniers	17.97	2088	2088	2088	2088	2088	2088	2000	14,010	14,010
Commun Field Director,		2000	2088	2088	2088	2088	2088	2088	14,616	14,616
Mikelle Whitt	17.04	2088	2088	2088	2088	2000	2000	2000	11,010	20,000
Policy Analyst, Mignonne Radja*	18.70	2088	2088	2088	2088	2088	2088	2088	14,616	
Policy Assistant,	10.70	2000	2000	2000	2000	2000				
Lisa Roehl*	9.36	1044	1044	1044	1044	1044	1044	1044	7,308	
Project Analyst,	7.50	1017	1044				y. , - : - : - :		·	
Paulette Valliere*	18.70	1044	1044	1044	1044	1044	1044	1044	7,308	
Coalition Consultant,	10,70	20					•			
To Be Selected*	17.72	2088	2088	2088	2088	2088	2088	2088	14,616	
Project Analyst,	• • • • • • • • • • • • • • • • • • • •		-					•		
To Be Selected*	20.20	2088	2088	2088	2088	2088	2088	2088	14,616	
									•	
SUPPORT STAFF:							•			
Dawn Spitler,								•		سوار المارات
Secretary*	13.48	2088	2088	2088	2088	2088	2088	2088	14,616	14,616
To Be Selected,										_
Secretary	13.48	2088	2088	2088	2088	2088	2088	2088	14,616	
To Be Selected,							•			
Adminis. Asst.	16.76	-0-	-0-	2088	2088	2088	2088	2088	10,440	10,440
TOTAL HOURS		18,792	18,792	20,880	20,880	20,880	20,880	20,880	141,984	
Total Hours Contribute	ed*	12,528	12,528	12,528	12,528	12,528	12,528	12,528	87,696	
		•	•••	•						
TOTAL HOURS CHARGED TO	ASSIST	6,264	6,264	8,352	8,352	8,352	8,352	8,352		54,288

^{*}Contributed Staff

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					_			DIRECT JSTS
Labor Category	Year 1 FY92	Year 2 FY93	Year 3 <u>FY94</u>	Year 4 FY95	Year 5 <u>FY96</u>	Year 6 <u>FY97</u>	Year 7 FY98	CHARGED TO ASSIST
DIRECT LABOR COST				:	•			
Direct Labor Cost: Total Contributed Costs	\$33().618 \$229,368	\$343,843 \$238,543	\$395, 458 \$248,097	\$411,276 \$258,020	\$427,727 \$268,341	\$444,836 \$279,073	\$462,630 \$290,237	
CHARGED TO ASSIST	\$101,250	\$105,300	\$147,361	\$153,256	\$159,386	\$165,763	\$172,393	\$1,004,709
OTHER DIRECT COSTS				·				
MATERIALS COST	\$13,363	\$13,898	\$19,451	\$20,229	\$21,039	\$21,880	\$22,755	\$132,615
TRAVEL COST*	\$ 9,433	\$ 8,183	\$23,063	\$20,023	\$ 8,183	\$ 8,183	\$ 8,183	\$ 85,251
OTHER (SPECIFY)						•		
Computer Costs*	\$9,980	\$0	\$2,600	\$0	\$0	\$ Q	\$0	\$ 12,580
Subcontractors:								\$3,454,570
Detroit	\$99,249	\$97,453	\$181,273	\$188,167	\$195,337	\$202,792	\$210,547	
Genesee	\$66,819	\$61,400	\$123,091	\$126,644	\$129,565	\$133,336	\$137,219	
Kent	\$62,744	\$58,190	\$117,950	\$123,574	\$128,638	\$134,838	\$141,348	
Marquette	\$69,329	\$65,903	\$115,438	\$119,937	\$116,219	\$121,180	\$126,390	
Catering Costs*	\$5,760	\$5,280	\$9,120	\$9,120	\$5,280	\$5,280	\$5,280	\$45,120
Intervention Monies	\$0	\$0	\$500,800	\$500,800	\$500,800	\$500,800	\$500,800	\$2,504,000
GRAND TOTAL DIRECT COSTS								•
CHARGED TO ASSIST	437,927	415,607	1,240,147	1,261,750	1,264,447	1,294,052	1,324,915	\$7,238,845

⁺Note: Reflects 4% economic adjustment factor per year

^{*}Calculated on basis of 1990 prices.

DETROIT .Y HEALTH DEPARTMENT SUBCONTRACT BUDGET

CO	nt	~=	ct	Ye	a r
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		Concract Tear							mam> 7
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	TOTAL CHARGED TO
COST ITEM	Rate	FY92	FY93	FY94	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	ASSIST
DIRECT LABOR									
Field Coordinator: hrs		2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	
Salary (See Note)	20.80	\$43,264	\$44,995	\$46,795	\$48,667	\$50,614	\$52,639	\$54,745	
Sen. Hith Educator: hr	8	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	
Salary (See Note)	16.40	\$34,112	\$35,476	\$36,895	\$38,371	\$39 ,9 06	\$41,502	\$43,162	
Health Educators: hrs		0	Ö	4160 hrs	4160 hrs	4160 hrs	4160 hrs	4160 hrs	
Salary (See Note)	16.22			\$72,981	\$75,900	\$78,936	\$82,093	\$85,377	
Health Educators: hrs		208 hr s	208 hrs	208 hrs	208 hrs	208 hrs	208 hrs	208 hrs	
* Contributed	15.00	(*)	(*)	(*)	(*)	(*)	(*)	(*)	ر
Typist/Clerk: hrs	-,	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	
* Contributed	10.41	(*)	(*)	(*)	(*)	(*)	(*)	(*)	1
Supervis. Admin: hrs		208 hrs	208 hrs	208 hrs	208 hrs	208 hrs	208 hrs	208 hrs	ı
* Contributed	24.50	(*)	(*)	(*)	(*)	(*)	(*)	(*)	•
Supervis. Hlth Educ: hrs		1040 hrs	1040 hrs	1040 hrs	1040 hrs	1040 hrs	1040 hrs	1040 hrs	
* Contributed	18.84	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
SUBTOTAL Direct Labor		\$77,376	\$80,471	\$156,671	\$162,938	\$169,456	\$176,234	\$183,284	\$1,006,430
OTHER DIRECT COSTS									
Materials (10% of DI	R LBR)	\$7,738	\$8,047	\$15,667	\$16,294	\$16,946	\$17,623	\$18,328	
Equipment		\$0	\$0	\$0	\$0	\$0	\$ 0	\$0	
Travel Total (1990 R	ates):	•							
Local	•	\$629	\$629	\$629	\$629	\$629	\$629	\$629	
State Meetings		\$434	\$434	\$434	\$434	\$434	\$434	\$434	
State Trainings		\$372	\$372	\$372	\$372	\$372	\$372	\$372	
Computer Costs		\$5,500	\$300	\$300	\$300	\$300	, \$300	\$300	,
Facilities		\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	· · · · · · · · · · · · · · · · · · ·
Consultants		\$0	\$0	\$0	\$0	\$0	\$0	\$0	4
Other Costs		\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	,
SUBTOTAL Other Direct	Costs	\$21,873	\$16,982	\$24,60 2	\$25,229	\$25,881	\$26,558	\$27,263	\$168,388
DIRECT COSTS TO BE									
CHARGED TO ASSIST		\$99,249	\$97,453	\$181,273	\$188,167	\$195,337	\$202,792	\$210,547	\$1,174,818

NOTE: Salaries include a 4% inflation rate increase per year.

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GENESEE COUNTY HEALTH DEPARTMENT SUBCONTRACT BUDGET

Contract Year

							·		TOTAL
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	CHARGED TO
COST ITEM	Rate	FY92	FY93	FY94	<u>FY95</u>	<u>FY96</u>	FY97	FY98	ASSIST
DIRECT LABOR									
Field Coordin./s: Hrs		2080 hrs	2080 hrs	4160 hrs	4160 hrs	4160 hrs	4160 hrs	4160 hrs	
Salary (See Note)	17.07	\$35,506	\$36,571	\$75,336	\$77,596	\$79,924	\$82,322	\$84,792	
Secretary: Hrs		1040 hrs	1040 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	
Salary (See Note)	14.66	\$15,246	\$15,703	\$32,348	\$33,318	\$34,318	\$35,348	\$36,408	
Supervisory Staff: Hrs		520 hrs	520 hrs	520 hrs	520 hrs	520 hrs	520 hrs	520 hrs	
* Contributed	20.06	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
SUBTOTAL Direct Labor		\$50,752	\$52,274	\$107,684	\$110,914	\$114,242	\$117,670	\$121,200	\$674,736
OTHER DIRECT COSTS .				•					
Materials (10% of DIE	R LBR)	\$5,075	\$5,227	\$10,768	\$11,091	\$11,424	\$11,767	\$12,120	
Equipment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Travel Total (1990 Ra	ates):								
Local		\$750	\$750	\$750	\$750	\$750	\$750	\$750	
State Meetings		\$324	\$324	\$324	\$324	\$324	\$324	\$324	
State Trainings		\$278	\$185	\$925	\$925	\$185	\$185	\$185	
Computer Costs		\$7,000	\$0	\$0	\$0	\$0	\$0	\$0	
Facilities -		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Consultants		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Costs		\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	\$2,640	
SUBTOTAL Other Direct (Costs	\$16,067	\$9,126	\$15,407	\$15,730	\$15,323	\$15,666	\$16,019	\$103,338
**************************************							•		<u>. </u>
DIRECT COSTS TO BE									<u>_</u> .
CHARGED TO ASSIST		\$66,819	\$61,400	\$123,091	\$126,644	\$129,565	\$133,336	\$137,219	\$778,074

NOTE: Salaries include a 3% inflation rate increase per year.

198

2023673160

KENT COUN.. HEALTH DEPARTMENT SUBCONTRACT BUDGET

Contract Year

COST ITEM	<u>Rate</u>	Year 1 FY92	Year 2 FY93	Year 3 <u>FY94</u>	Year 4 FY95	Year 5 <u>FY96</u>	Year 6 FY97	Year 7 FY98	TOTAL CHARGED TO ASSIST
DIRECT LABOR					,				
Field Coordin./s: Hrs		2080 hrs	2080 hrs	4160 hrs	4160 hrs	4160 hrs	4160 hrs	4160 hrs	
Salary (See Note)	17.22	\$35,818	\$37,609	\$78,9 79	\$82,928	\$87,074	\$91,428	\$95,999	
Secretary: Hrs		1040 hrs	1040 hrs	20 80 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	
Salary (See Note)	10.15	\$10,556	\$11,084	\$23,276	\$24,440	\$25,662	\$26,945	\$28,292	
Supervisory Staff: Hrs		520 hrs	520 hrs	520 hrs	520 hrs	520 hrs	520 hrs	520 hrs	
* Contributed	19.50	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
SUBTOTAL Direct Labor		\$46,374	\$48,693	\$102,255	\$107,368	\$112,736	\$118,373	\$124,291	\$660,090
OTHER DIRECT COSTS							•	•	•
Materials (10% of DI	D 1 DD 1	\$4,637	\$4,869	\$10,226	910,737	\$11,274	\$11,837	\$12,429	•
Equipment	K LBK)	\$4,037	\$0	\$0	\$0	\$0	\$0	\$0	
Travel Total (1990 R	atos).	40	49	**	~ -	¥-		•	
Local	aces,.	\$750	\$750	\$750	\$750	\$750	\$750	\$750	
State Meetings		\$368	\$368	\$368	\$368	\$368	\$368	\$368	
State Trainings		\$315	\$210	\$1,051	\$1,051	\$210	\$210	\$210	
Computer Costs		\$7,000	\$0	\$0	\$0	\$0	\$0	\$0	
Facilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Consultants		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Costs		\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	
SUBTOTAL Other Direc	t Costs	\$16,370	\$9,497	\$15,69 5	\$16,206	\$15,902	\$16,465	\$17,057	\$107,192
									<u> </u>
DIRECT COSTS TO BE			450 455	4117 057	6102 554	c120 630	C124 929	6141 349	\$767,282 [.]
CHARGED TO ASSIST		\$62,744	\$58,190	\$117,950	\$123,574	\$128,638	\$134,838	\$141,348	\$101,202

NOTE: Salaries include a 5% inflation rate increase per year.

199

2023673161

MARQUETTL JOUNTY HEALTH DEPARTMENT SUBCONTRACT BUDGET

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COST ITEM	<u>Rate</u>	Year 1 <u>FY92</u>	Year 2 FY93	Year 3 FY94	Year 4 <u>FY95</u>	Year 5 <u>FY96</u>	Year 6 <u>FY97</u>	Year 7 <u>FY98</u>	TOTAL CHARGED TO ASSIST		
DIRECT LABOR					•						
Field Coordin./s: Hrs		2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs			
Salary (See Note)	14.21	\$29,557	\$31,035	\$32,587	\$34,216	\$35,927	\$37,723	\$39,609			
Health Educator: Hrs		1040 hrs	1040 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs			
Salary (See Note)	12.30	\$12,792	\$13,432	\$28,207	\$29,617	\$31,098	\$32,653	\$34,286			
Secretary: Hrs		1040 hrs	1040 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs	2080 hrs			
* Contributed Yrs 1-2	9.17	(*)	(*)								
Salaried Yrs 3-7	**			\$21,029	\$22,080	\$23,184	\$24,343	\$25,560	·		
Supervisory Staff: Hrs		416 hrs	416 hrs	416 hrs	416 hrs	416 hrs	416 hrs	416 hrs	,		
* Contributed	15.84	(*)	(*)	(*)	(*)	(*)	(*)	(*)	,		
SUBTOTAL Direct Labor		\$42,349	\$44,467	\$81,823	\$85,913	\$90,209	\$9 4,719	\$99,455	\$538,935		
OTHER DIRECT COSTS											
Materials (10% of DIE	R LBR)	\$4,235	\$4,447	\$8,182	\$8,591	\$9,021	\$9,472	\$9,946			
Equipment		\$0	\$0	.\$0	\$0	\$0	\$0	\$0			
Travel Total (1990 Ra	ates):			•							
Local		\$6,084	\$6,084	\$6,084	\$6,084	\$6,084	\$6,084	\$6,084			
State Meetings		\$3,694	\$3,694	\$3,694	\$3,694	\$3,694	\$3,694	\$3,694			
State Trainings		\$3,167	\$2,111	\$10,555	\$10,555	\$2,111	\$2,111	\$2,111			
Computer Costs		\$5,000	\$300	\$300	\$300	\$300	\$300	\$300			
Facilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Consultants		\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Other Costs		\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800			
SUBTOTAL Other Direct	Costs	\$26,980	\$21,436	\$33, 615	\$34,024	\$26,010	\$26,461	\$26,935	\$195,461		
DIRECT COSTS TO BE									_		
CHARGED TO ASSIST		\$ 69,329	\$ 65,903	\$115,438	\$119,937	\$116,219	\$121,180	\$126,390	\$734,396		

NOTE: Salaries include a 5% inflation rate increase per year.

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APPENDTY A

Table II.A.4.a.--Number of Physicians, Nurses, Pharmacists, and Nurse Practitioners by County and Specialty

Number of Physicians, Nurses, Pharmacists, and Nurse Practitioners by County and Specialty

County		1	Physici	an		Dentists	Nurses	Pharmacists	PA
_	FP/GP	OB/GYN	IM	PD	All Other				
ALCONA	4	0	1	0	1	2	90	7	1
ALGER	3	0	•	0	1	5	101	, 4	Ò
ALLEGAN	18	2	1	2	15	27	793	40	6
ALPENA	13	2	6	2	31	22	545	22	3
ANTRIM	5	0	2	0	2	10	170	9	0
ARENAC	4	0	2	0	2	8	179	3	0
BARAGA	4	o	0	0	1	5	129	5	0
BARRY	15	2	3	0	17	13	482	21	1
BAY	14	0	12	11	65	57	1,557	107	8
BENZI E	4	10	1	0	5	7	167	17	Ō
BERRI EN	44	16	22	12	1	84	1,908	110	13
BRANCH	6	2	7	3	1	16	463	20	0
CALHOUN	32	7	32	8	15	79	1,823	85	11
CASS	5	1	3	2	31	9	320	21	0
CHARLEVOIX	7	1	3	1	2	16	300	20	2
CHEBOYGAN	5	O	2	1	2	13	197	21	0
CHIPPEWA	9	0	3	2	1	21	364	19	2
CLARE	5	3	1	1	17	8	287	16	1
CLINTON	8	2	2	1	65	20	512	36	3
CRAWFORD	3	0	4	0	5	6	153	7	O
DELTA	17	0	5	1	129	23	566	20	5
DICKINSON	11	2	8	1	27	23	513	15	4
EATON	13	1	5	0	7	34	919	64	5
EMMET	3	6	9	2	78	28	589	33	1
GENE SEE	136	39	123	53	3 85	268	5,670	315	20
GLADWIN	4	0	2	0	3	6	202	14	1
GOGEBIC	8	0	2	0	4	7	249	13	2
GRAND TRAVERSE	14	9	23	10	132	62	1,509	73	2
GRATIOT	10	2	5	1	17	21	496	17	3

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Number of Physicians, Nurses, Pharmacists, and Nurse Practitioners by County and Specialty

County						Dentists	Nurses	Pharmacists	PA
	FP/GP	OB/GYN	IM	PD	All Other				
HILLSDALE	6	2	2	2	9	13	396	17	0
HOUGHTON	11	0	2	5	21	21	419	18	0
HURON	5	1 :	5	1	14	20	480	19	1
INGHAM	136	50	95	55	493	217	3,582	209	29
IONIA	12	0	3	1	9	25	491	23	4
IOSCO	14	3	3	4	15	14	319	23	3
IRON	1	0	1	0	5	5	207	11	2
ISABELLA	6	5	9	3	21	22	569	34	5
JACKSON	26	8	15	7	86	83	1,957	88	16
Kalamazoo	80	32	71	39	398	167	3,645	297	22
KALKASKA	2	0	0	0	0	5	96	. 3	0
KENT	139	86	122	47	658	340	7,267	374	38
KEWEENAW	0	0	0	0	0	0	17	0	0
LAKE	0	0	1	0	1	3	65	3	1
LAPEER	13	2	3	3	24	33	851	35	0
LEELANAU	3	1	0	0	8	6	227	10	2
LENAWEE	15	4	18	3	49	50	943	46	4
LIVINGSTON	12	5	9	9	43	68	1,373	70	6
LUCE	3	0	1	0	5	4	174	9	0
MACKINAC	2	0	1	0	4	5	123	8	0
MACOMB	107	62	139	61	432	566	8,158	627	28
MANISTEE	4	0	2	2	16	12	308	22	1
MARQUETTE	36	9	10	7	87	43	1,377	44	13
MASON	13	0	1	1	15	17	398	24	0
MECOSTA	5	3	5	2	8	16	344	45	0
MENOMINEE	6	0	0	0	3	14	288	11	0
MIDLAND	52	9	8	5	81	56	1,022	58	5
MISSAUREE	O	0	1	Ō	1	4	158	6	0
MONROE	26	8	10	6	- 40	51	1,144	56	3

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Table II.A.4.a., Continued

Number of Physicians, Nurses, Pharmacists, and
Nurse Practitioners by County and Specialty

County			:			Dentists	Nurses	Pharmacists	PA
	FP/GP	OB/GYN	IM	PD	All Other				
MONTCALM	13	1	5	0	9	18	665	33	2
MONTMORENCY	3	0	•:	0	0	2	105	10	0
MUSKEGON	39	4	26	7	129	94	1,983	113	5
NEWAYGO	8	2	2	0	5	14	304	21	2
OAKLAND	266	295	634	280	2,788	1,193	14,659	1,371	98
OCEAN A	5	6	0	0	8	9	264	9	2
OGEMAW	6	0	1	0	8	5	222	15	2
ONTONAGON	4	0	0	0	0	3	145	4	1
OSCEOLA	1	0	0	0	4	6	251	22	1
OSCODA	3	0	0	0	Ó	2	76	3	0
OTSEGO	4	2	2	1	15	15	183	22	0
OTTAWA	3 3	12	18	11	104	114	2,835	130	7
PRESQUE ISLE	6	0	0	0	2	4	165	8	O
ROSCOMMON	8	0	2	0	3	11	215	12	1
SAGINAW	75	22	41	15	199	145	2,606	151	6
SANILAC	8	1	2	1	9	14	446	15	1
SCHOOLCRAFT	4	0	1	0	3	8	226	9	0
SHIAWASSEE	17	3	14	• 4	31	32	802	35	1
ST. CLAIR	25	9	23	8	89	76	1,777	92	2
ST. JOSEPH	20	0	5	2	18	16	575	25	4
TUSCOLA	9	0	4	1	11	17	581	30	3
VAN BUREN	24	3	5	4	1.4	30	829	44	1
Washtenaw	101	85	352	126	1,509	396	5,029	333	43
WAYNE	304	236	655	236	2,464	1,276	22,766	1,154	115
WEXFORD	8	3	4	. 2	17	16	387	21	0

APPENDIX B

Table II.A.4.b.--Providers by Continuing Professional Education

Table II.A.4.b.

Providers by Continuing Professional Education

Organization	Physician	Dentist	Nurse	Pharmacist	Physicia: Assistan
Alpena Community College			•		
Alpena General Hospital	•				•
American Cancer Society, MI Division	•				•
American Heart Association of Michigan	•				•
American Lung Association of Michigan	•				•
Andrews University			•		
Ann Arbor Psychiatric Association	•				•
Annapolis Hospital	•				•
Bar-Levav Educational Foundation	•				•
Battle Creek Health Systems	•				. •
Bay de Noc Community College			•		
Bay Medical Center			•,		
Bay Medical Education	•				•
William Beaumont Hospital, Birmingham			•		
William Beaumont Hospital, Royal Oak	•				•
William Beaumont Hospital, Troy			•		
Francis Bell Memorial Hospital	•				•
Beyer Memorial Hospital	•			:	•
Blodgett Memorial Hospital	•			:	•
Bon Secours Hospital	•		•		• •
Borgess Medical Center			•		•
Botsford General Osteopathic	•				•
Bronson Methodist Hospital			•		
Burns Clinical Medical Center/					
Northern Michigan Hospitals	•				
Butterworth Hospital	•				•
Center for Forensic Psychiatry	•				•
Central Michigan Community Hospital	•				•

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Table II.A.4.b., Continued

Providers by Continuing Professional Education

		;			Physician
Organization	Physician	Dentist	Nurse	Pharmacist	Assistant
Children's Hospital of Michigan			•		
Chippewa County War Memorial Hospital	•				•
Community Health Center of Branch County	, •				
Cottage Hospital	• .				•
Crittenton Hospital	•				•
Delta College			•		
Detroit-Macomb Hospital Corporation	•				•
Detroit Osteopathic Hospital	•				•
Detroit Practical Nursing Center			•		
Dickinson County Memorial Hospital	•				•
Doctors Hospital of Jackson	•				•
Eastern Michigan University			•		
Ferris State University		•	•	•	
Ferguson Hospital					•
Flint Osteopathic Hospital	•				•
W.A. Foote Memorial Hospital	•				•,
Garden City Osteopathic Hospital	•				: • •
Glen Oaks Community College			•		
Gogebic Community College			•	•	
Grand Rapids Junior College			•		
Grand Valley State University			•	•	
Gratiot Community Hospital	•				•
Harper Grace Hospitals			•		
Henry Ford Community College			•.		
Henry Ford Hospital			•		
Heritage Hospital	•			•	•
Herrick Memorial Hospital	•				•
Highland Park Community College			•		

Table II.A.4.b., Continued

Providers by Continuing Professional Education

Organization	Physician	Dentist	Nurse	Pharmacist	Physician Assistant
Holy Cross Hospital	•				•
Hope-Calvin			•		
Hurley Medical Center	•		•		•
Huron Memorial Hospital	•				•
Huron Valley Hospital	•				•
Ingham Medical Center	•		•		•
JTPA School of Practical Nursing			•		
Jackson Community College			•		
Kalamazoo Valley Community College			•		
Kalamazoo Regional Psychiatric Hospital	•				•
Kellogg Community College			•		
Kent County Health Department			• .		
Kirtland Community College			•		
Lake Michigan College			•		
Lake Superior State University			•	•	
Lakeshore Continuing Medical Educa., Inc	s. •				•
Lansing Community College			•		: *
Lansing General Hospital	•			•	•
Catherine McAuley Health Center	•		•		•
McLaren General Hospital	•				. •
Mt. Clemens General Hospital	•			•	•
Macomb County Community College			•	•	
Madonna College			•		
Marquette General Hospital	•.		•		•
Mecosta County General Hospital	•				•
Mercy College of Detroit			•	•	4
Mercy Health Services North	•				•
Mercy Hospital	•				

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Table II.A.4.b., Continued

Providers by Continuing Professional Education

Organization	Physician	Dentist	Nurse	Pharmacist	Physician Assistant
Mercy Hospitals and Health					
Services of Detroit	•				•
Michigan Academy of Family Physicians	•				•
Michigan Dental Association		•			
Michigan Department of Mental Health	•				●.
Michigan Dermatological Society	•				•
Michigan Health Center					•
Michigan Ophthalmological Society	•				•
Michigan Pharmacists Association				•	
Michigan Psychoanalytic Institute	•				•
Michigan Psychoanalytic Society	•				•
Michigan Society of Anesthesiologists	•				•
Michigan Society of Pathologists	•		•		•
Michigan State Medical Society	•				. •
Michigan State University			•		
Michigan State University Kalamazoo Cent	er				
for Medical Studies	•	•			: : •
Mid Michigan Community College			•		
Mid Michigan Regional Medical Center			•		
Midland Hospital	•			•	•
Monroe County Community College			•		
Montcalm Community College			•		
Mott Community College			• .		
Munson Medical Center	•				•
Muskegon Community College			•		
Nazareth College			•	:	
North Central Michigan College			•	:	
North Detroit General Hospital	•				•

Table II.A.4.b., Continued

Providers by Continuing Professional Education

Organization	Physician	: Dentist	Nurro	Pharmacist	Physician Assistant
Northern Wightern Helmonethy			•		•
Northern Michigan University Northville Regional Psychiatric Hospital	_		•		_
Northwestern Michigan College	•		•		•
Oakland Community College			•		
Oakwood Hospital			•		_
Oakland University	•		_		•
Oakland University OHEP Center for Medical Education	_		- -		_
	•				-
Outer Drive Hospital	-				•
Pennock Hospital Pine Rest Christian Hospital	•				•
Pontiac General Hospital	_		•		
Pontiac Osteopathic Hospital	•		•		
Port Huron Hospital	•				•
Portage View Hospital	•			."	•
Providence Hospital	_		_ :		
Public Health Consortium	•		•	F	•
St. Clair County Community College	•		_		. "
St. Francis Hospital	_		•		
St. John Hospital and Medical Center	•		_		•
St. Joseph Mercy Hospital	-		•		
St. Joseph's Health Education Center	•		•	•	. •
St. Joseph's Hospital, Flint	_		•		_
St. Joseph's Hospital, Mt.Clemens	•		•		•
St. Lawrence Hospital	•				•
St. Mary Hospital, Livonia	•				•
St. Mary's Hospital, Grand Rapids	•				•
St. Mary's Medical Center	•		•		•
	•		•		•
Saginaw Cooperative Hospitals, Inc.	•			_	•

Table II.A.4.b., Continued

Providers by Continuing Professional Education

Organization	Physician	 Dentist	Nurse	Pharmacist	Physician Assistant
			,,,,,		
Saginaw Valley State University			•		
Saline Community Hospital	•				•
Saratoga General Hospital	•		•		•
K.I. Sawyer USAF Hospital	•				•
Schoolcraft College			•		
Sinai Hospital of Detroit	•,	•	•		
Southwestern Michigan College			•		
Edward W. Sparrow Hospital	•		_		•
Stratton-Cheeseman Management Company	•		•		•
Suomi College			•		
Traverse City Osteopathic Hospital	•				•
Traverse City Regional Psychiatric Hospi	tal •		•		•
University of Detroit		•			
University of Michigan		•	•	•	
UpJohn Company	•				•
Veterans Administration Medical Center,				•	
Allen Park			•		
Veterans Administration Medical Center,					
Battle Creek	•		•		•
Veterans Administration Medical Center,					
Iron Mountain	•			•	•
Washtenaw Community College			•	•	
Wayne County Community College			•		
Wayne State University			•		
West Shore Community College			•		
Ypsilanti Regional Psychiatric Hospital	•		-	•	•

APPENDIX C

Table II.B.5.a.l.--Worksite Distribution by SIC Codes and County

Table II.B.5.a.1.

Worksite Distribution by SIC Codes and County (number of worksites in each county)

- Country	SIC Code	S REGILLATION OF THE PARTY OF T	winter to the	FILE LOT	Reculina Te	AND STATE OF THE S	Serie Tree	N. T. S. S. C. C.	A A A A A A A A A A A A A A A A A A A	Se la	Sie de la company de la compan
County	SIC Code						•			_	-
ALCONA		1 0	22	29	6	1	71	7	. 36	4	
ALGER		1 0	15	. 24	8	9	71	12	54	9	
ALLEGAN	. 1	4 11	137	159	41	113	434	93	394	70	
ALPENA	1	.0 2	66	5 2	31	59	228	57	236	53	
ANTRIM		6 9	56	50	13	20	112	24	118	16	
ARENAC		0 8	29	25	10	13	96	20	65	14	
BARAGA		4 0	18	35	9	9	57	12	40	9	
BARRY		7 3	61	44	14	37	166	41	183	42	
BAY	2	1 13	196	132	67	133	695	160	687	177	
BENZIE	_	6 2	35	25	13	8	: 98	17	85	. 15	
BERRIEN		10 8	233	35 6	101	234	987	286	1105	247	
BRANCH	•	4 0	50	84	25	56	199	58	214	45	
CALHOUN	2	27 7	161	187	83	160	862	209	899	245	
CASS		4 2	46	74	19 -	37	187	51	180	29	
CHARLEVOIX		7 2		51	21	18	165	45	153	36	
CHEBOYGAN	1	0 1	105	37	26	24	291	39	243	33	
	•	4 1	66	38	35	40	226	53	238	30	
CHIPPEWA		2 5	55	28	16	22	165	30	123	29	
CLARE	•	2 5 15 1	108	45	29	62	206	54	208	46	
CLINTON	_	ro T	100	4.9	49	O Z	200	~ -			

Table II.B.5.a.1. (continued)

worksite Distribution by SIC Codes and County
(number of worksites in each county)

County	SIC Code	722	or and south	es late	reio pri	REPORT OF STREET	and id	Cleans Trains	S. S	P. Later B. S. Later B.	Service of the servic	10 10 10 10 10 10 10 10 10 10 10 10 10 1
CRAWFORD		1	0	18	17	4	11	74	12	70	14	
DELTA		11	ì	71	88	45	70	295	62	276	53	
DICKINSON		7	ī	69	58	42	63	195	48	246	58	
EATON		21	3	141	92	49	90	516	143	474	93	
EMMET		15	1	127	46	22	40	294	66	268	55	
GENESEE		64	12	576	310	183	450	2445	538	2808	849	
GLADWIN		3	1	33	25	9	10	99	20	81	19	
GOGEBIC		4	0	28	45	17	22	159	37	150	26	
GRAND TRAVERSE		25	51	239	131	65	162	571	156	743	189	
GRATIOT		8	4	63	41	33	53	232	50	234	62	
HILLSDALE		8	16	45	90	23	53	212	52	209	40	
HOUGHTON		11	2	75	50	30	30	239	60	243	54	, , , ,
HURON		7	1	94	70	40	56	252	64	223	48	
INGHAM		63	22	391	256	152	392	1505	546	2362	595	
IONIA .		3	2	70	70	33	38	242	56	239	66	
IOSCO		8	4	69	37	27	24	222	38	179	40	
IRON		6	1	28	40	18	10	108	27	105	28	
ISABELLA		9	37	81	32	35	79	298	81	326	63	
JACKSON		29	10	195	314	95	174	791	197	895	212	
KALAMAZOO		57	4	352	387	129	372	1303	398	1686	410	

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Table II.B.5.a.1. (continued)

Worksite Distribution by SIC Codes and County (number of worksites in each county)

County	SIC Code S	Widister Of	Annico Spilo	Selve la	Here In	partition with	TOWN THE STATE	GET THE SERVE	A STATE OF THE PARTY OF THE PAR	A STANSON OF THE STAN	The second secon
		2 19	26	12							
KALKASKA KENT	13		1002	1069	13 363	23 1174	55 2666	9 1079	55 3796	9 852	
KEWEENA	<u>.</u>	0 0	2	5	2	11/4	17	2	3/96	0	
LAKE		1 0	7	8	6	4	49	8	21	1	
LAPEER	1		107	91	40	69	288	89	320	77	
LEELANAU		18 4 5 1	50	25	14	11	112	21	93	16	
LENAWEE	2	22 1	105	170	60	109	515	120	573	124	
LIVINGSTON		21 5	252	167	35	121	411	116	598	125	
LUCE	_	1 0	9	21	7	11	49	8	46	8	
MACKINAC		7 . 2	37	15	16	19	153	15	102	Ŏ	
MACOMB	19		1481	1968	350	846	3740	894	4555	1164	
MANISTEE		4 7	50	38	23	28	188	32	173	39	1
MARQUETTE	1	10 11	119	45	52	100	433	123	497	123	= .
MASON		4 2	46	51	28	. 36	202	53	201	52	
MECOSTA.		8 3	71		26	31	221	47	177	39	
MENOMINEE		5 1	36	74	34	40	138	41	131	25	
MIDLAND	1	12 4	173	55	29	56	395	99	460	115	
MISSAUKEE		7 2	30	25	8	16	52	17	46	10	
MONROE	2	23 6	162	108	83	95	498	136	573	136	
MONTCALM		L5 4	72	58	31	62	265	66	284	72	

Table II.B.5.a.l. (continued)

Worksite Distribution	n by SIC	Codes and County
(number of worksites	in each	county)

		nie w	ALE TO BE TO A WIT		gretier by the	REPLACE THE	antitude of the	Depte Train	ALI THE SERVE	A STATE OF THE STA	Service of the servic	To the second
County	SIC Code	0.	~	<u>~~</u>	₹					~		
MONTMORENCY		2	1	30	15	6	9	65	8	41	6	
MUSKEGON		18	2	237	271	105	184	890	216	1017	275	
NEWAYGO		10	3	45	47	23	42	166	30	150	29	
OAKLAND		382	44	2452	2479	723	3182	6959	3236	12300	3086	
OCEANA		6	3	48	40	13	17	142	25	116	20	
OGEMAW		4	4	40	40	17	28	130	22	110	33	
ONTONAGON		3	1	13	21	12	7	82	. 9	63	12	
OSCEOLA		5	5	33	32	12	21	117	24	79	13	
OSCODA		5	1	11	27	8	4	57	, 8	42	8	
OTSEGO		7	9	66	41	20	37	142	34	148	38	
OTTAWA		36	6	430	426	129	252	809	220	1071	241	
PRESQUE ISLE		8	5	30	25	14	16	84	18	84	16	
ROSCOMMON		2	2	50	20	11	16	183	31	117	19	
SAGINAW		41	9	354	222	134	331	1298	333	1462	395	
ST. CLAIR		23	11	239	225	107	148	695	147	752	196	
ST. JOSEPH		10	0	70	145	28	65	344	78	327	59	
SANILAC		7	4	91	69	28	60	225	53	202	48	
SCHOOLCRAFT		6	1	14	27	10	13	78	15	62	8	
SHIAWASSEE		14	3	79	79	32	85	324	82	357	87	
TUSCOLA		7	6	93	52	34	66	288	59	249	52	

Table II.B.5.a.1. (continued)

Worksite Distribution by SIC Codes and County (number of worksites in each county)

		.	dita la ser		stratia .	Reference No. 18	BERTELLE	TO LOUIS THE STATE OF THE STATE	ed (re	TREE TREE TREE TO	Selies Sulphing to	100 100 100 100 100 100 100 100 100 100
County	SIC Code	N.P	S. S. S. V.	4710	de d	E PE	w,	₹`	, se	€A [®]	ag.	•
VAN BUREN WASHTENAW WAYNE WEXFORD		17 88 272 8	2 16 19 2	87 422 2086 31	107 405 2858 57	44 140 1277 33	82 345 2678 43	342 1504 9865 196	85 423 2233 44	314 2405 11992 183	72 616 3101 44	

APPENDIX D

Table II.B.5.a.2.--Worksite Distribution by SIC Codes and Number of Employees

TABLE II.B.5.a.2.

Worksite Distribution by SIC Codes and Number of Employees

	Number of Employees									
SIC Code	1-19	20-49	50-99	100-249	250-499	500-999	1000+			
01-09 Agriculture, Forestry										
& Fishing	1,941	73	3	2	1	. 0	0			
10-14 Mining	466	51	22	13	3	2	1			
15-17 Construction	14,109	851	212	88	16	1	1			
20-39 Manufacturing	9,710	2,909	1,324	950	309	119	122			
40-49 Transportation	4,647	675	256	135	59	22	10			
50-51 Wholesale Trade	11,751	1,504	406	148	28	7	5			
52-59 Retail Trade	42,863	5,464	1,829	528	86	31	1			
60-67 Finance, Insurance										
& Real Estate	12,783	1,039	311	136	40	17	7			
70-89 Business Services	39,942	2,782	793	448	146	47	14			
90-97 Health/Social Services										
& Public Administration	17,491	901	351	381	64	33	46			

APPENDIX E

Table II.B.5.b.--Labor Force and Employment Status

TABLE II.B.5.b.

Labor Force and Employment Status (In Thousands)

	Total				Employe	d			
County —————	Population	Unemployment	Total	Manufacturing	Retail	Finance	Service	Farmer	Government
ALCONA	10.1	0.6	1.0	0.4	0.3	(1)	0.2	0.3	0.4
ALGER	8.6	0.4	1.9	(2)	0.3	(3)	0.4	0.1	0.4
ALLEGAN	86.6	3.8	21.6	11.5	3.3	0.5	4.1	1.8	2.9
ALPENA	30.9	1.7	8.0	2.6	2.1	0.4	1.5	0.4	1.9
ANTRIM	16.8	1.0	3.2	1.3	0.6	0.1	0.5	0.3	0.8
ARENAC	15.0	0.7	2.2	0.5	0.7	0.1	0.7	0.4	0.6
BARAGA	8.2	0.5	1.3	0.5	0.3	0.1	0.2	0.1	0.6
BARRY	47.8	1.9	6.7	2.9	1.4	0.4	1.3	1.1	1.3
BAY	114.8	6.2	26.5	7.7	7.2	1.2	6.1	1.1	5.3
BENZIE	11.3	0.9	1.8	0.6	0.4	0.1	0.5	0.2	0.4
BERRIEN	163.6	6.8	51.4	19.7	9.9	2.2	13.2	1.8	8.1
BRANCH	39.5	1.7	7.9	3.8	1.5	0.4	1.1	1.2	2.1
CALHOUN	136.9	5.6	42.1	14.3	9.6	3.7	10.7	1.3	10.1
CASS	48.5	1.8	7.8	3.9	1.4	0.3	1.4	1.0	2.1
CHARLEVOIX	20.2	1.1	5.5	2.3	1.1	0.2	0.1	0.3	0.9
CHEBOYGAN	20.7	2.1	4.6	1.0	1.5	0.2	1.1	0.2	1.0
CHIPPEWA	29.3	2.0	4.7	0.6	1.7	0.3	1.0	0.4	1.8
CLARE	25.0	1.2	3.6	0.7	1.1	0.2	0.1	0.3	1.1
CLINTON	55.7	2.0	8.2	1.9	2.4	0.5	1.4	1.5	2.1
CRAWFORD	10.1	0.5	2.0	0.3	0.7	0.1	0.7	0.02	, 0.4
DELTA	38.6	2.1	8.9	2.6	2.4	0.4	2.2	0.3	2.0
DICKINSON	26.7	1.3	7.9	2.2	1.9	0.3	1.5	0.1	1.8
EATON	91.2	2.9	20.4	3.2	7.7	2.8	3.6	1.4	2.9

TABLE II.B.5.b., Continued

Labor Force and Employment Status (In Thousands)

	Total				Employe	d				
County		Unemployment	Total	Manufacturing	Retail	Finance	Service	Farmer	Government	
EMMET	24.1	1.6	0.9	1.2	2.4	0.4	3.2	0.3	1.1	
GENESEE	434.9	21.5	145.2	60.3	30.3	6.0	30.4	1.0	22.9	
GLADWIN	21.6	0.9	2.7	0.8	0.9	0.2	0.5	0.4	0.6	
GOGEBIC	18.8	0.8	3.9	0.5	1.2	0.3	1.4	0.1	1,3	
GRAND TRAVERSI		3.0	24.6	5.4	6.0	1.2	7.2	0.5	2.8	ſ
GRATIOT	39.3	1.9	9.1	2.6	2.2	0.4	2.4	1.2	1.7	
HILLSDALE	42.6	2.0	9.6	4.9	1.5	0.3	1.8	1.4	2.0	
HOUGHTON	37.3	1.4	6.8	0.9	2.2	0.5	1.9	0.2	1.7	
HURON	36.6	1.9	8.2	3.2	1.7	0.4	1.5	1.7	1.8	
INGHAM	227.8	11.1	105.7	34.8	21.8	6.7	26.7	1.1	18.0	
IONIA	53.7	2.5	9.3	4.5	2.1	0.4	1.4	1.2	2.5	
IOSCO	30.4	1.0	4.7	1.0	1.5	0.3	0.9	0.2	2.0	
IRON	14.0	1.1	2.6	0.8	0.8	0.2	0.6	0.1	0.8	
ISABELLA	54.2	2.0	11.5	1.2	3.5	0.7	3.8	1.0	1.4	
JACKSON	144.4	5.6	42.3	12.2	9.1	2.7	9.9	1.2	6.2	
KALAMAZOO	217.7	6.6	86.8	31.4	17.2	4.4	22.5	1.0	8.7	
KALKASKA	11.9	0.8	2.5	0.6	0.5	0.1	0.2	0.1	0.9	
KENT	477.5	18.8	215.7	72.6	41.5	10.8	52.8	1.5	19.6	
KEWEENAW	2.0	0.1	0.1	0.1	0.02	(1)	0.02	0.01	0.1	
LAKE	8.6	0.4	0.7	0.1	0.2	0.1	0.2	0.1	, 0.4	
LAPEER	70.4	3.6	8.8	3.0	2.5	0.5	1.5	1.4	3.4	:
LEELANAU	15.0	0.7	2.0	0.3	0.5	0.1	0.8	0.4	0.5	٠,

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TABLE II.B.5.b., Continued

Labor Force and Employment Status (In Thousands)

	Total				Employe	d			•	
County	Population	Unemployment	Total	Manufacturing	Retail	Finance	Service	Farmer	Government	
LENAWEE	88.8	4.3	23.4	9. 9	4.9	1.0	5.5	1.6	3.9	
LIVINGSTON	104.6	3.1	19.3	5.3	4.9	1.3	5.1	0.9	3.1	
LUCE	5.9	0.3	0.7	0.1	0.3	0.05	0.1	0.03	0.5	
MACKINAC	10.5	1.7	4	0.1	0.5	0.1	0.3	0.1	0.5	
MACOMB	697.2	29.7	739.3	110.3	52.2	7.6	49.3	0.8	32.8	
MANISTEE	22.2	1.6	1.7	1.9	1.1	0.2	0.8	0.3	1.0	
MARQUETTE	71.3	3.3	16.0	0.8	4.6	(2)	4.5	0.1	4.3	
MASON	26.4	1.5	.7	2.0	1.4	0.2	1.2	0.5	1.4	
MECOSTA	38.2	1.4	5 .8	1.6	2.0	0.3	1.2	0.7	1.5	
MENOMINEE	25.8	1.2	6.0	2.7	1.2	0.3	0.9	0.5	1.1	
MIDLAND	72.4	2.8	24.8	11.4	3.7	0.8	6.1	0.5	3.0	
MISSAUKEE	11.0	0.7	1.0	0.1	0.3	0.1	0.2	0.3	0.4	
MONROE	132.0	5.5	23.0	7.5	4.7	0.9	5.1	1.5	5.1	
MONTCALM	50.8	2.9	12.3	6.4	2.3	0.4	2.2	1.1	2.6	
MONTMORENCY	7.9	0.5	1.1	0.3	0.4	0.1	0.2	0.1	0.3	
MUSKEGON	158.5	7.4	46.5	17.4	9.8	1.5	11.2	0.5	7.0	
NEWAYGO	37.7	2. i	6.0	2.7	1.2	0.3	1.0	0.8	1.3	
OAKLAND	1,025.8	36.4	497.6	116.8	103.0	35.8	153.9	0.7	39.8	
OCEANA	22.7	1.2	2.7	0.9	0.7	0.1	0.5	0.7	0.9	
OGEMAW	17.4	0.7	2.8	0.7	0.9	0.1	0.5	0.3	. 0.9	
ONTONAGON	8,9	0.4	1.4	(3)	0.4	0.1	0.4	0.1	0.7	
OSCEOLA	20.4	1.2	2.9	1.3	0.6	0.1	0.3	0.5	1.0	
OSCODA	6.9	0.3	1.0	0.4	0.3	0.05	0.2	0.1	0.3	



TABLE II.B.5.b., Continued

Labor Force and Employment Status (In Thousands)

	Total				Employe	đ		•	
County	Population	Unemployment	Total	Manufacturing	Retail	Finance	Service	Farmer	Government
OTSEGO	15.8	0.7	4.7	1.1	1.2	0.2	1.3	0.1	0.7
OTTAWA	171.3	5.9	52.7	25.5	9.6	1.6	10.0	1.6	6.6
PRESQUE ISLE	13.9	1.1	1.8	0.2	0.5	0.1	0.4	0.3	0.8
ROSCOMMON	18.7	0.7	2.2	0.3	1.1	0.2	0.3	0.04	1.1
SAGINAW	216.4	9.2	74.1	25.9	16.8	₹.5	17.1	1.7	9.7
ST. CLAIR	140.5	7.0	29.8	9.3	7.5	1.3	6.3	1.3	5.9
ST. JOSEPH	59.6	2.5	16.7	9.4	2.8	0.5	1.9	1.0	2.6
SANILAC	40.3	2.0	7.5	3.6	1.4	0.4	1.0	1.8	1.6
SCHOOLCRAFT	8.3	0.7	1.3	0.3	0.4	0.1	0.3	0.1	0.6
SHIAWASSEE	69.0	3.4	12.2	4.4	3.3	0.5	2.3	1.4	2.8
TUSCOLA	55.1	2.8	8.0	2.4	2.1	0.4	1.4	1.5	2.3
VAN BUREN	67.3	3.1	11.9	4.6	2.7	0.4	2.4	1.5	3.1
WASHTENAW	266.0	7.0	105.0	39.2	22.2	4.2	27.0	1.3	12.2
WAYNE	2,164.3	89.3	699.0	220.6	128.1	43.3	191.3	0.4	110.9
WEXFORD	26.7	1.7	8.8	3.9	1.8	0.3	1.8	0.2	1.2

Source: U.S. Bureau of the Census, <u>County and City Data Book</u>, 1988, U.S. Government Printing Office, Washington, DC.

(1) 20 - 99 employees

(2) 500-999 employees

(3) 100-249 employees



1989 Michigan Tobacco Task Force Report



A Report of the 1989 Michigan Tobacco Reduction Task Force

January 1990

Michigan Department of Public Health Center for Health Promotion 2023673205





Foreword

Every year in Michigan, more than 16,000 persons needlessly die from tobacco-related diseases, including heart disease, lung disease, and cancer. Thousands more

Raj M Wiener

fall ill or become disabled as a result of this addictive substance. Nevertheless, each year the tobacco industry must recruit more than 126,000 Michigan residents—90 percent of them children and adolescents—to replace tobacco users who quit or die from tobacco-related diseases or other causes.

To confront this threat to Michigan's health, I formed the Michigan Tobacco Reduction Task Force in early 1989. The specific charge to the 45 members of the Task Force was to develop strategies for cutting the use of tobacco in Michigan by 50 percent (from its present level of slightly less than 29 percent of adults) by the Year 2000.

This Task Force report, the result of many months of work by these concerned individuals, contains strong, creative, and comprehensive strategies designed to fight tobacco use on many fronts. It includes recommendations for:

- Preventing our children and adolescents from becoming addicted to tobacco
- Assisting present tobacco users to quit; and
- Protecting nonsmokers and children from the health dangers of environmental tobacco smoke and fires caused by smoking materials

Foreword

Tobacco-Free Michigan 2000 is part of a larger social movement in which many persons around the country are organizing to educate the public and lobby for strong antitobacco policies.

Achieving the goal of reducing tobacco use among our citizens (and eventually ending it altogether) will be one of the most important public health achievements of our lifetime. There can be no better legacy to present to the next generation than a state in which the avoidable disease and death caused by the use of cigarettes and smokeless tobacco has been eliminated.

I would like to thank every one of the Task Force members for their participation in this important effort. Such cooperation and commitment will be needed from groups and individuals across Michigan if we are to succeed in our goal of improving the health of all our citizens. I invite you to join in this important effort!

Raj M Wiener, Director Michigan Department of Public Health

2023673210

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The common goal shared by the members of the 1989 Michigan Tobacco Reduction Task Force was to develop recommendations for cutting the use of tobacco products in Michigan in half, from its current level of slightly less than 30 percent of the adult population to less than 15 percent, by the Year 2000. In an effort to fully understand the scope of this task, the members of the Task Force directed an intensive review of the existing body of literature concerning tobacco use. This review included a study of the health and economic effects of tobacco use, the patterns of tobacco use among Michigan and U.S. residents, and the social factors the influence the use and avoidance of tobacco products. The following is a summary of the Task Force's findings, followed by their major recommendations for reducing the use of tobacco products among Michigan residents.

Health Consequences of Tobacco Use

During the past 25 years, knowledge of the health consequences of tobacco use has grown remarkably. Tobacco is now line of to a host of fatal or debilitating diseases, including the major killers—heart disease and cancer.

During 1987, more than 16,000 persons in Michiga: wed from smoking-attributable causes. This figure includes deaths from

- heart disease and stroke:
- lung cancer and several other kinds of cancer;
- emphysema and other respiratory diseases; and
- conditions in infants due to maternal smoking during pregnancy.

This staggering death toll could be completely eliminated by avoiding the use of tobacco. Not only does this addictive drug threaten the health and lives of those who use it, it also threatens children and nonsmoking adults who are exposed to environmental tobacco smoke and cigarette-ignited files.

Blacks and other minorities experience higher rates of smoking-related disease and mortality than Whites. For instance, data for 1987 show that Blacks in Michigan had an 88 percent higher death rate from cerebrovascular disease and a 47 percent higher death rate from cancer of the lung and bronchus than Whites in the state.

Summary.

But, despite the vast knowledge of the health consequences of tobacco use, surveys continue to indicate that smokers are less aware than nonsmokers of these health effects. Furthermore, smokers and nonsmokers alike tend to underestimate the magnitude of the risk posed by tobacco use. In fact, the annual number of deaths due to tobacco use far surpasses the total combined deaths each year from AIDS, automobile accidents, homicides, suicides, and alcohol and illicit drug use.

Economic Consequences of Tobacco Use

Tobacco use also leads to undesirable economic consequences for the State. Smoking-attributable costs in Michigan for the year 1987 totaled more than \$1.9 billion. These costs include medical expenses for the treatment of smoking-related disease, income lost due to inability to work because of smoking-related disease, and income foregone due to premature death from smoking-related disease.

The economic consequences of tobacco have a profound impact on the quality of life in Michigan because they limit the money that is available to residents for other uses, such as education, housing, recreation, or other social needs.

Smoking Among Children and Adolescents

According to national data, about 19 percent of high school seniors are daily smokers. Although the data show an overall decline in smoking among high school seniors since 1975, they also reveal that smoking among young women with less than a high school education actually increased in recent years.

Studies indicate that children and adolescents are trying their first cigarettes at younger ages than in the past. Since research shows that persons who become addicted to tobacco at a young age are at higher risk for developing various smoking-related diseases in adulthood, smoking prevention and education efforts are needed early in life.

Smoking Prevalence in Michigan

Smoking patterns in Michigan generally reflect those across the country. The prevalence of smoking is declining. The percentage of Michigan. residents who smoke fell from 32.4 percent in 1982 to 28.9 percent in 1987. During that period, the quit ratio among Michigan residents (i.e., the number of former smokers divided by the number of people who have ever smoked) increased by about 5 percent, reaching 44.3 percent.

smoked)
Summary



If current trends continue during the next decade, however, 21.7 percent of Michigan residents will still smoke by the turn of the century. Clearly, existing efforts must be greatly increased to meet the goal of cutting tobacco use in Michigan among the adult population to 15 percent or less by the Year 2000.

Population Groups at Special Risk

Certain population groups warrant special concern in tobacco reduction efforts. These groups include:

- Women. Smoking prevalence is decreasing more slowly among women than men, and fewer women than men have quit smoking. Surveys suggest that more girls than boys initiate smoking by the time of high school graduation.
- Pregnant Women. Pregnant women who are less than 20 years old, unmarried, or who have less than a high school education are smoking at higher rates than older, married, and more educated pregnant women.
- Blacks. The smoking rate of Blacks is higher than the rate of Whites, and a lower proportion of Black smokers have quit.
- Hispanics. The prevalence of smoking among Hispanic men
 is higher than among men in the general population. Although
 it is generally less common for Hispanic women to smoke
 than it is for women in the general population, the proportion
 of Hispanic women who use cigarettes may be on the increase.
- Persons with Low Educational Levels. There is an inverse relationship between smoking and educational level. Persons without a high school diploma smoke at a much higher rate than college graduates.
- Persons with Low Income. Smoking and income level also are inversely related. Michigan residents with incomes of less than \$10,000 are more likely to be smokers than those with higher incomes, and those smokers with lower incomes are less likely to quit smoking than those smokers with higher incomes.

Smokeless Tobacco Use

During 1987, approximately 3 percent of the Michigan population used smokeless tobacco. These products, which are marketed as an alternative to cigarettes, have dangerous health consequences, including oral cancer, receding gums, and leukoplakia (white patches in the mouth that may be pre-cancerous). Virtually all smokeless tobacco users in the state are male, and most of them are White. The highest percentage of smokeless tobacco use by adults is found among those age 18 to 24 years old.

Factors that Encourage Tobacco Use

Undoubtedly, the physically addictive nature of nicotine plays the most important role in the continuing use of cigarettes, smokeless tobacco, and other tobacco products. Nicotine makes it very difficult for the tobacco user to quit. In fact, the U.S. Surgeon General has compared the addictive quality of nicotine to that of heroin.

However, other factors also play an important role in supporting a user's tobacco habit. For example, family or other role models such as health professionals, teachers, or coaches can influence individuals, especially children, to take up or continue tobacco use. In addition, social norms that generally accept tobacco and provide convenient opportunities to use it will support continuation of these habits.

The advertising and promotional activities of the tobacco industry are also a significant force in encouraging the use of tobacco. Because each year the industry needs to replace 126,000 Michigan tobacco users who quit or die from tobacco and other causes, much of its efforts are focused upon persuading children and adolescents to join the ranks of smokers. Market analyses have shown that tobacco companies also attempt to maintain their sales figures by targeting advertising and promotional efforts at minorities, women, and people with lower levels of income and education.

Furthermore, the tobacco industry has significant political influence, which it uses to promote public policies designed to encourage the use of tobacco and to obstruct policies that would discourage its use.

Factors that Discourage Tobacco Use

Just as some social factors encourage the use of tobacco, others discourage tobacco use. For instance, education campaigns alent the public to the dangers of tobacco use and help weaken the social norm defining tobacco use as an "acceptable" activity.

Common strategies include antitobacco media campaigns, such as the one sponsored by the Michigan Department of Public Health, which warns teens that "smoking stinks" and advises women —particularly minority women—"If at first you don't succeed, quit, quit again."

Community-based or state-wide promotional events, such as the American Cancer Society's "Great American Smoke-Out" and the American Lung Association's "Non-Dependence Day", also help raise public awareness of the importance of avoiding tobacco use. In Michigan, several community coalitions have acted as important vehicles for raising public consciousness of tobacco-related issues.

Social factors that discourage tobacco use also take other forms. Widespread availability of prevention and cessation programs and services for tobacco users helps convey a message about the addictive properties of nicotine and the undesirable nature of tobacco use. Primary prevention efforts mounted in the schools, both through the Michigan Model for Comprehensive School Health Education and through special promotional efforts like the "Smoke-Free Class of 2000" campaign sponsored by the major voluntary health associations, also help spread the word.

Tobacco cessation programs and services encompass a wide variety of approaches, including self-help materials, organized group activities, patient or client interventions by health professionals, and individual counseling sessions. More and more employers and unions are making cessation services accessible to their employees and members who use tobacco. Clearinghouses also serve as an important means of informing the public about the dangers of tobacco use and the availability of tobacco prevention and cessation services.

Other important ways to influence tobacco use are through the implementation of clean indoor air policies and regulations concerning the sale of tobacco products. Examples of such regulation in Michigan include the Michigan Clean Indoor Air Act and the Youth Tobacco Act.

Financial incentives or disincentives, such as reduced insurance premiums for nonsmokers and higher tobacco excise taxes, also can be used to discourage persons from starting or continuing tobacco habits. Increases in the price of tobacco products (which can be achieved through increases in excise taxes) have been shown to be particularly effective in deterring children and adolescents from purchasing tobacco products.

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Major Recommendations of the Task Force

The recommendations of the 1989 Michigan Tobacco Reduction Task Force are a comprehensive blueprint for cutting the use of tobacco products in Michigan in half by the Year 2000. The major recommendations of the Task Force include the following:

• Aggressive measures must be taken to prevent children and adolescents from gaining access to cigarettes, smokeless tobacco, and other tobacco products.

These measures should include treating the sale of tobacco in a similar fashion as the sale of alcohol (e.g. licensing vendors, requiring proof of age, eliminating sales from vending machines, and banning distribution of free samples); establishing tobacco excise taxes high enough to significantly reduce demand among children and adolescents; and restricting the location of tobacco advertising in order to reduce the exposure of children and adolescents to false and seductive messages.

• Stronger efforts must be made to protect Michigan residents from the adverse health effects of environmental tobacco smoke and from fires caused by smoking materials.

These efforts should include extending the protection of Michigan's Clean Indoor Air law from public sector work places to employees in the private sector; developing indoor air quality standards for environmental tobacco smoke; expanding the availability of non-smoking seating in restaurants; providing smoke-free living options in State supported or regulated residential facilities; and establishing a fire safety standard that requires cigarettes and cigars sold in Michigan to be self-extinguishing.

• Tobacco users must be offered information, assistance, and continued support for quitting and remaining tobacco-free. Special attention must be given to minorities, persons with low income, and other groups with high levels of use.

Physicians, dentists, nurses and other health professionals should make stronger efforts to identify patients or clients who smoke and to advise and assist them to quit; tobacco cessation services should be widely available and accessible to all Michigan citizens regardless of ability to pay; employers, unions and insurers should work cooperatively to establish worksite based cessation

programs; and clearinghouses should be used to assure that cessation services are publicized and widely known throughout the state.

• More vigorous efforts must be made to instill a tobacco-free lifestyle in the Michigan population.

Efforts should include expanded and sustained antitobacco media campaigns; improved school based education programs; and the prohibition of State facilities or agencies from manufacturing, selling or promoting tobacco products.

- Michigan's Congressional Delegation should be urged to introduce or support strong federal legislation and policies consistent with this report.
- All organizations and individuals concerned with the health of Michigan's citizens must share responsibility for helping implement the recommendations of this Task Force.

Foreword	i
Task Force Participants	
Summary of Report	.ix
Chapter 1: Health and Economic Consequences of Tobacco Use	1
Chapter 2: Patterns of Tobacco Use	49
Chapter 3: Social Influences on the Use and Avoidance of Tobacco	99
Recommendations of the 1989 Michigan Tobacco Reduction Task Force1	29
Appendices1	179

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CONTENTS

5
6
31
36
•

3

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Since the publication of the first U.S. Surgeon General's report on smoking and health in 1964, a wealth of information has been gathered regarding the health consequences of tobacco use. The evidence confirms that there is a causal relationship between tobacco use and many fatal diseases. This chapter will discuss the health effects of tobacco use and the associated economic impact.

1

Chapter Highlights:

- Cigarette smoking is the chief avoidable cause of death and disease in Michigan and the United States.
- During 1987, 16,417 Michigan adults died of smokingattributable illness. An additional 127 Michigan children under one year of age died that same year due to maternal smoking during pregnancy.
- Blacks experience higher incidence and mortality rates for most smoking-related diseases, as compared with the general population.
- Smoking-attributable illness and injury claim nearly 390,000
 Americans each year, more than the combined annual death totals for AIDS, automobile accidents, homicides, suicides, and the use of all illicit drugs and alcohol in the United States.
- Tobacco use is an addiction. Nicotine is the component of tobacco that causes the addiction.
- Smoking increases the risk of the following diseases or medical conditions:

Cancer of the lung
Cancer of the lip, mouth, and throat
Cancer of the bladder and kidney
Cancer of the pancreas
Cancer of the stomach
Cancer of the cervix
Ischemic heart disease
Cardiac arrest
Other heart disease
Atherosclerosis

Aortic aneurysm
Cerebrovascular disease and other vascular disease
Chronic obstructive pulmonary disease
Emphysema
Asthma, bronchitis, and pneumonia
Peptic ulcer

- Maternal smoking during pregnancy increases the risk of fetal, newborn, and infant death due to low birthweight, newborn respiratory conditions, respiratory distress syndrome, and sudden infant death syndrome (SIDS).
- The use of smokeless tobacco, particularly snuff, greatly increases the risk of oral cancer.
- Prolonged exposure to environmental tobacco smoke is associated with lung cancer in nonsmoking adults who live with smokers, and with increased frequency of respiratory problems in children who live with smokers.
- Cigarette-ignited fires are the leading cause of fire-related deaths in the United States.
- Surveys indicate that smokers are less aware than nonsmokers of the health consequences of tobacco use. Furthermore, both smokers and nonsmokers tend to underestimate the magnitude of the health risks posed by tobacco use.
- The harmful effects of tobacco use create undesirable economic consequences for individuals and society as a whole, such as medical expenses, income lost due to an inability to work, and income foregone due to premature death. During 1987, smoking-attributable costs in Michigan totaled more than \$1.9 billion.

Health Consequences of Smoking

Cigarette smoking has been identified by the U.S. Surgeon General as the chief avoidable cause of death and disease in this country.

As background for the first U.S. Surgeon General's report, published in 1964, employees of the U.S. Department of Health and Human Services reviewed 7,000 available articles on smoking and health. Based upon this literature search, the Surgeon General's office found that cigarette smoking:

 was associated with a 70-percent increase in age-specific death rates for men; 2023673226

- was a cause of lung cancer in men and possibly women; and
- was associated with chronic bronchitis, emphysema, cancer
 of the larynx, coronary artery disease, cancer of the
 esophagus, cancer of the urinary bladder, low birthweight
 babies, and peptic ulcer.¹

During the past 25 years, the store of information on links between smoking and disease has grown to the point that the Office on Smoking and Health of the U.S. Centers for Disease Control can reference more than 57,000 documents on smoking and health. The causal relationship between smoking and health has been established for a host of diseases, including the nation's major killers—heart disease and cancer.²

In the United States during 1985, there were 337,000 smoking-attributable deaths associated with the 10 major smoking-related diseases. Contrast this with 183,000 smoking-attributable deaths in 1965. After adjusting for population growth and the increasing age of the population, this 1985 figure amounts to a 27 percent increase in mortality during those 20 years. Smoking-attributable mortality among women increased more than 100 percent during that time, reflecting changes in smoking patterns for females.³

It is important to note that this tally of 337,000 smoking-attributable deaths does *not* include adult deaths from several other smoking-related diagnoses, infant deaths during the first 28 days after birth due to maternal smoking during pregnancy, smoking-attributable lung cancer deaths among nonsmokers exposed to environmental tobacco smoke, or deaths caused by smoking-initiated fires.

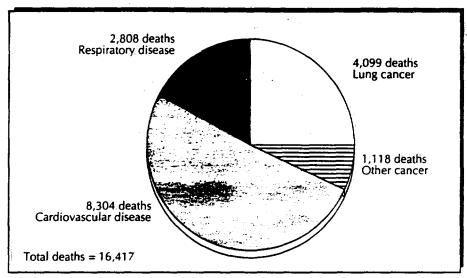
Inclusion of these factors raises the number of American deaths from smoking-attributable illness and injury during 1985 to an estimated 390,000.⁴ This number is greater than the *combined* annual death totals attributable to AIDS, automobile accidents, homicides, suicides, and the use of all illicit drugs and alcohol in the United States. The annual smoking-attributable death toll is more than the number of American military personnel who died during World War I, World War II, and the Vietnam War combined.⁵

Smoking-attributable morbidity and mortality rates have been calculated for Michigan using state data and a computer program, SAMMEC II.* During 1987, 16,417 Michigan adults died from smoking-attributable illness.

^{*} The SAMMEC II (Smoking-Attributable Mortality, Morbidity, and Economic Costs) software is available through the Centers for Disease Control of the U.S. Department of Health and Human Services. It allows individual states to calculate mortality, morbidity, and economic costs attributable to smoking. Estimates (except for perinatal mortality) are for adults aged 35 years and older, and calculations for different age and gender groups can be obtained.

That same year, Michigan also lost 127 infants and children under one year of age due to maternal smoking during pregnancy.⁶ Figure 1 details smoking-attributable deaths by major disease categories.

Figure 1. Smoking-Attributable Deaths by Disease Category, Michigan Adults Aged 35 Years and Older, 1987



Source: SAMMEC II

Cancer

8

Lung Cancer

Lung cancer was a rare disease in the United States during the early 20th century. But that is not the case today. In fact, the rise in lung cancer incidence since the early 1900s has paralleled the increase in Americans' use of tobacco to the point where cancer of the lung is currently the leading cause of cancer mortality.

The tremendous impact of lung cancer can be seen when it is factored out of overall cancer mortality rates: Between 1950 and 1982, the death rate for all cancers increased 8 percent; without lung cancer, the rate would have decreased 13 percent during that time period.8

Smoking is the primary risk factor for the development of lung cancer. The 1989 U.S. Surgeon General's report on smoking and health indicated that current cigarette smokers have lung cancer mortality rates that are 11 times to 22 times greater than the rates of nonsmokers.9

Chapter 1

Research shows that the risk of developing lung cancer is related to the degree of lifetime exposure to tobacco smoke, as measured by the number of years as a smoker, the age of smoking initiation, the number of cigarettes smoked, and the typical depth of inhalation.¹⁰

)

The changing characteristics of cigarettes also may have an influence on lung cancer risks for smokers. It has been suggested that using filter-tip and lower-tar, lower-nicotine cigarettes may decrease the risk for lung cancer if the smoker does not change smoking habits to compensate for the lower levels of tar and nicotine. But some researchers have noted the possibility of increased danger with certain types of filter cigarettes because of deeper inhalation and the anesthetic effects of menthol. The risk of lung cancer is still significantly higher for smokers who use filter cigarettes than it is for those persons who have never smoked.¹¹

Lung cancer also is linked to cigar and pipe smoking, although the risk is not as great as that from cigarette smoking. The finding that cigar and pipe smokers may be at lower risk of lung cancer may be due to the fact that cigar and pipe smokers tend to inhale their smoke less deeply than cigarette smokers.¹²

It has also been shown that smokers who are exposed on a regular basis to other airborne substances—such as certain occupational materials (i.e., asbestos) or indoor and outdoor air pollutants—face a higher risk of lung cancer than other smokers.¹³

Cigarette smokers who quit smoking can decrease their risk of lung cancer considerably. It has been estimated that former smokers who have not smoked for 15 years or more have only a slightly higher risk of lung cancer than nonsmokers. 14,15,16

Whereas lung cancer mortality among White men has begun to level off, reflecting changes in smoking prevalence, lung cancer mortality among women and Black men has continued to increase since the 1930s. In fact, lung cancer now rivals breast cancer as the leading cause of cancer death among women.¹⁷

During 1987, smoking was responsible for 4,099 deaths from cancer of the lung, bronchus and trachea in Michigan. This represents more than 85 percent of all deaths from these cancers in the state during that year. 18

Cancer of the Mouth, Throat, and Esophagus

Smoking has been causally related to cancer of the lip, oral cavity, pharynx, larynx, and esophagus. Table 1 lists the relative risks* of current smokers developing cancers at these sites, based upon data from the Cancer Prevention Study II of the American Cancer Society.[‡]

The data show that men who currently smoke are more than 27 times more likely to die from cancer of the lip, oral cavity, and pharynx than men who do not smoke. In women, death from laryngeal cancer is almost 18 times more common among smokers than among nonsmokers. Relative risks for all cancers in this group are higher for smokers than nonsmokers.

Table 1. Estimated Relative Risks, by Gender, for Current Cigarette Smokers Developing Cancers of the Mouth, Throat, and Esophagus, U.S. Adults Aged 35 Years and Older, 1982-1986

Underlying Cause of Death	Males	Female
Lip, Oral Cavity, and Pharynx	27.48	5.59
Esophagus	7.60	10.25
Larynx	10.48	1 <i>7</i> .78

Source: American Cancer Society¹⁹

Pipe and cigar smokers experience roughly the same risks for cancer of the mouth, throat, and esophagus as do cigarette smokers, and the risks are directly related to length of smoking history, amount smoked, and depth of

Chapter 1

^{*} Relative risk describes the risk of dying or developing a disease due to exposure to a particular risk factor (in this case, tobacco), as compared to a group who has not been exposed. Relative risk is expressed as a ratio. Therefore, a relative risk of 1.0 would indicate an equal risk for smokers and nonsmokers. Relative risks greater than 1.0 indicate an increased risk for smokers.

[‡] The Cancer Prevention Study II, a prospective study sponsored by the American Cancer Society, was conducted between 1982 and 1988 in all 50 states among 1.2 million persons. Subjects were predominantly White and tended to be more educated than the general U.S. population. As such, the results are more representative of middle-class White America than of the U.S. population as a whole. The data presented here are preliminary estimates taken from unpublished tabulations of the American Cancer Society.

inhalation. Smokers who quit for an extended period of time significantly reduce their risk for these cancers, relative to those persons who continue to smoke.²⁰

Additionally, the combination of smoking and alcohol consumption has a synergistic effect on the risk for these cancers. The risk of developing oral, laryngeal, and pharyngeal cancer is much greater for persons who smoke heavily and consume excess amounts of alcohol—habits that are highly correlated—than it is for persons practicing either of these habits alone. 21,22

The use of smokeless tobacco, particularly moist snuff, is highly correlated with oral cancer. ^{23,24} Oral cancer has been found to be several times more common among users of snuff than among those persons who do not use snuff. For long-term snuff users, the excess risk for cancer of the cheek and gum may be almost fifty-fold. ²⁵ The relationship between chewing tobacco and oral cancer is less clear.

In addition to cancer, studies have shown an association between smokeless tobacco use and receding gums (especially in the area of the mouth where the tobacco is placed), and smokeless tobacco use and leukoplakia (white patches that develop in the oral mucosa that may be precancerous).²⁶

During 1987, 575 Michigan residents died of smoking-attributable cancer of the mouth, throat, and esophagus, accounting for 79 percent of all Michigan deaths from these cancers.²⁷

Bladder and Kidney Cancer

A strong association exists between cigarette smoking and cancer of the bladder and kidney. 28,29

Men who smoke are almost three times as likely to die from bladder or kidney cancer as men who do not smoke, while women who smoke are 1-1/2 times to 2-1/2 times as likely to die from these cancers as women who do not smoke.³⁰ The risk for bladder and kidney cancer increases with a higher lifetime exposure to tobacco smoke, and decreases with continued years of cessation.³¹

During 1987, there were 282 deaths in Michigan from smoking-attributable bladder and kidney cancer. This represented 37 percent of the state's 1987 mortality total for those cancers.³²

Cancer of the Pancreas

Cigarette smoking has been identified as a major contributing factor in cases of pancreatic cancer.³³ In fact, the relative risk for this type of cancer is more than twice as high for smokers as for nonsmokers.³⁴ Most studies have recognized an increased risk for heavy smokers, as well as a decreasing risk for those smokers who quit.

During 1987, there were 219 deaths in Michigan from smoking-attributable pancreatic cancer. This represented 26 percent of all Michigan deaths from cancer of the pancreas for that year.³⁵

Stomach Cancer

Although the association is weaker than it is for some other types of cancer, cigarette smoking also is associated with stomach cancer. A summary of studies on smoking and stomach cancer included in the 1982 U.S. Surgeon General's report on smoking and health indicated that cigarette smokers have higher rates of mortality from stomach cancer than nonsmokers, although these differences are small.³⁶ Recent studies also indicate higher mortality rates for heavier smokers relative to lighter smokers.³⁷

Michigan-specific data on smoking-attributable deaths from stomach cancer are not available.

Cervical Cancer

The relationship between cervical cancer and tobacco use has been established only since 1977. Multiple studies have confirmed an increased risk of cervical cancer among women who smoke. A study by Slattery et al., published in 1989, indicated that current smokers face almost twice as high a risk for cervical cancer as nonsmokers, ³⁸ although other studies have indicated that the amount of increased risk of cervical cancer faced by current smokers is not quite this great. ³⁹

A relationship between smoking and cervical dysplasia (considered to be a precursor lesion to cancer of the cervix) also has been noted. 40

During 1987, 42 Michigan women died as a result of smoking-attributable cervical cancer. These deaths accounted for 31 percent of all Michigan cervical cancer deaths during that year. 41



Chapter 1

Cardiovascular Diseases

Coronary Heart Disease

Coronary heart disease describes conditions and events that result in decreased blood and oxygen supply to the heart. These include, among others: *myocardial infarction* (commonly known as "heart attack"), which causes permanent destruction of heart tissue; and *ischemic heart disease*, which compromises the functioning of the heart, causes debilitating symptoms such as angina pectoris (chest pain), and may lead to permanent damage through myocardial infarction. According to the U.S. Surgeon General, the majority of adult deaths that are sudden and unexpected are due to severe coronary heart disease.⁴²

Many factors combine to increase the risk of coronary heart disease, but the major risk factors are cigarette smoking, high blood cholesterol levels, and high blood pressure. Smoking may act either independently or interactively with these other factors to increase the risk of coronary heart disease. However, because cigarette smoking is present in a larger percentage of the population than any of these other risk factors, it stands as the major preventable cause of coronary heart disease in this country. (There apparently is no increased risk of heart disease for persons who smoke only cigars or pipes.")

Current smokers are two times to three times more likely than non-smokers to die from coronary heart disease. The risk of death from coronary heart disease increases for heavier smokers and for those persons with a greater lifetime exposure to tobacco smoke.⁴⁵ Furthermore, cigarette smoking also has been shown to compromise the effectiveness of certain medications used to treat heart disease.⁴⁶

By quitting smoking, a person can reduce his or her risk of dying from coronary heart disease. According to the 1983 Surgeon General's report on smoking and health, former smokers who consumed less than one pack of cigarettes per day in the past and who have not smoked for at least 10 years have reduced their risk for coronary heart disease to the level for lifelong nonsmokers. For those former smokers who smoked more heavily in the past, the risk after 10 years of being smoke-free is still reduced, although to a lesser extent. ** Smoking lower-tar, lower-nicotine cigarettes does not seem to reduce a current smoker's risk for myocardial infarction.**

The incidence of coronary heart disease is lower for women than for men, a finding that probably reflects women's lower smoking prevalence and lighter smoking habits.⁴⁹ However, the risk for myocardial infarction is 10 times greater for women who smoke *and* use oral contraceptives than it is for women who do neither.⁵⁰

During 1987, 6,230 Michigan residents died from smoking-attributable heart disease. This represented 22 percent of all Michigan deaths from ischemic heart disease (4,593 deaths), and 20 percent of all deaths from other heart diseases, including cardiac arrest, rheumatic heart disease, and pulmonary heart disease (1,637 deaths).⁵¹

Arteriosclerosis

Arteriosclerosis refers to a thickening or hardening of the arteries. This condition results in reduced blood flow to the heart, thereby increasing the risk of coronary heart disease, including myocardial infarction ("heart attack") and sudden cardiac death.

Studies have shown a significant positive relationship between smoking and atherosclerosis (a form of blocked arteries caused by deposits that build up on the artery walls).⁵²

During 1987, there were 447 deaths in Michigan from smoking-attributable atherosclerosis. These deaths represented 38 percent of all Michigan deaths from this condition during that year.⁵³

Atherosclerotic Aortic Aneurysm

An aneurysm is a bailooning of the wall of the aorta caused by a destruction of the components of the wall. Rupture of an aortic aneurysm can be fatal. The most common cause of aortic aneurysm is atherosclerosis, or the deterioration of the aortic wall by deposits that build up on the walls. Studies have shown that death from ruptured aortic aneurysm is more common among smokers than among nonsmokers.⁵⁴

During 1987, 308 persons died in Michigan from smoking-attributable aortic aneurysm, accounting for 47 percent of all Michigan deaths from this condition for that year.⁵⁵

Cerebrovascular Disease

Cerebrovascular disease (commonly referred to as "stroke") describes the condition of reduced blood flow to the brain. This may be caused by a blocked blood vessel or by pressure from bleeding within the cranium itself. Reduced blood flow may result in permanent damage or transient effects, and may be fatal or nonfatal.

As with coronary heart disease, several risk factors contribute to the development of cerebrovascular disease. However, a study by Wolf et al. concluded that there is a causal relationship between smoking and stroke, 56

and other studies have confirmed that smoking is an independent risk factor for this condition.⁵⁷

Current smokers are almost two times to five times more likely to die from cerebrovascular disease than nonsmokers. The risk for stroke increases with the number of cigarettes smoked and decreases dramatically after the smoker quits smoking. There is a high degree of association between smoking and strokes in younger persons. The risk for stroke diminishes with increased age, and there is little or no association between stroke and current smoker status after the age of 65 years. ⁵⁹

During 1987, 1,030 Michigan residents died from smoking-attributable cerebrovascular disease, accounting for 19 percent of all 1987 Michigan deaths from this disease. 60

Atherosclerotic Peripheral Vascular Disease

This condition refers to restricted blood flow to the lower extremities, the complications of which range from pain to loss of limbs, and even possible death. Cigarette smoking is a major risk factor for this disease, and its effects are increased when combined with diabetes. For those who smoke, quitting is the most effective method of decreasing the risk of this disease. ⁶¹

During 1987, 105 Michigan residents died from smoking-attributable atherosclerotic peripheral vascular disease and other smoking-attributable arterial diseases. This represents 43 percent of all mortality from these diseases among Michigan residents during that year.⁶²

Chronic Obstructive Pulmonary Disease

Tobacco smoking is the *only* major risk factor for chronic obstructive pulmonary disease (COPD).⁶³ This condition, which arises when airflow in the lungs is permanently obstructed, has the following symptoms: chronic mucous hypersecretion, leading to chronic cough and phlegm production; thickening and narrowing of the lung's airways; and emphysema (caused by deterioration of lung tissue).⁶⁴

Lung function, which generally is measured as an individual's ability to force breath, is known to decrease naturally with age. But, lung function decreases at a much faster rate for smokers than for nonsmokers.⁶⁵ The degree of loss of lung function is closely associated with the length of smoking history and the number of cigarettes smoked,⁶⁶ although even new smokers show some abnormal function in the small airways of their lungs.⁶⁷

Many smokers—perhaps 10 percent to 15 percent⁶⁸—develop serious respiratory disease.

Loss of lung function due to smoking is a cumulative and irreversible process.⁶⁹ Quitting smoking will not reverse the damage already suffered by the lungs, but stopping cigarette use *will* cause the degree of decline in lung function to revert to nonsmoker rates.⁷⁰

The increase in U.S. deaths from COPD parallels the rise in U.S. deaths from lung cancer during this century, and both increases parallel the growth in cigarette smoking prevalence among U.S. citizens. The risk of death from COPD increases with earlier ages of smoking initiation, greater numbers of cigarettes smoked, and greater depths of inhalation. The Smokers are nine times to 10 times more likely than nonsmokers to die from COPD. Smoking lower-tar, lower-nicotine cigarettes appears to reduce some symptoms of lung disease, but not the overall progress of the disease.

As with lung cancer, the incidence of COPD in women has historically lagged behind that of men. However, as smoking prevalence has increased among women, rates of COPD among women have started to approach the rates of COPD among men.⁷³

COPD-related morbidity is a serious concern, because death often comes only at the end of a very long period of disability. COPD causes greater severe shortness of breath and restriction of activity than any other major disease.⁷⁴

Those who smoke only cigars or pipes show a higher rate of mortality from COPD than nonsmokers, but not as high as current cigarette smokers.⁷⁵

During 1987, 2,798 Michigan residents died of smoking-attributable COPD and related conditions, including emphysema, chronic airway obstruction, asthma, pneumonia, bronchitis, and influenza. This represented more than 55 percent of all Michigan deaths from these diseases of the respiratory system during that year.⁷⁶

Peptic Ulcers

Studies also have shown a relationship between smoking and peptic ulcers. Such ulcers, particularly those in the duodenum (the first part of the small intestine), are more likely to occur in smokers than in nonsmokers. They are less likely to heal if the sufferer continues to smoke, and they are more often fatal in smokers than in nonsmokers.

Chapter 1

Sontag et al. looked at the relationship between ulcer relapse and characteristics such as duration of the disease, gender, age, amount of gastric acid secretion, and smoking. Of all the factors examined, only smoking was found to be correlated with duodenal ulcer relapse. In fact, nonsmokers who received no medical treatment actually had a *lower* recurrence rate of duodenal ulcers than smokers who received some treatment.⁷⁷

These findings are supported by a study by Lane and Lee, which found that smokers had a significantly higher relapse rate for duodenal ulcers than nonsmokers, regardless of the type of drug treatment used.⁷⁸

Evidence indicates that the clinical effects of nicotine on the digestive system may promote such ulcers. Nicotine decreases sphincter operation, allowing increased reflux of duodenal contents into the stomach, and decreases bicarbonate secretion by the pancreas, impairing acid neutralization in the duodenum and leading to ulcers. Quitting smoking may reduce the incidence of peptic ulcer. As such, smoking cessation is considered an important component in the treatment of this disease. 80

Data on smoking-attributable deaths from peptic ulcer in Michigan are not available.

Smoking and Pregnancy Outcome

Maternal smoking during pregnancy has been shown to be related to several negative pregnancy outcomes. Among the best-substantiated effects of maternal smoking during pregnancy are low birthweight and late fetal/early infant mortality.

Studies have indicated that cigarette smoking by pregnant women is one of the most important, and most preventable, determinants of low birthweight in the United States. In fact, recent studies have shown that smoking during pregnancy can reduce birthweight by as much as 150 grams to 200 grams (nearly 1/4 pound to 1/2 pound).81

Based upon the strength of the evidence, the Centers for Disease Control identified the condition of *fetal tobacco syndrome* in 1985. This syndrome was defined as follows: 1) the mother smoked five cigarettes or more per day during pregnancy; 2) the mother had no evidence of hypertension during pregnancy; 3) the newborn showed symmetrical growth retardation when born at term; and 4) there was no obvious cause of fetal growth retardation.⁸²

The 1989 U.S. Surgeon General's report on smoking and health cited a review of five studies that found 21 percent to 39 percent of the incidence of low birthweight in the United States, Canada, and Wales could be attributed to maternal smoking. This included low birthweight due to both premature delivery and small size for gestational age. The most common hypothesis for these conditions is that maternal smoking reduces oxygen flow to the fetus and, thus, retards fetal growth.⁸³

Data from Scholl et al. indicate that this pattern of low birthweight among children of women who smoke during pregnancy may hold true for pregnant adolescents, as well as for adults. This study showed that teenagers who smoked during pregnancy were three times more likely than their nonsmoking peers to have babies that were small for their gestational age, averaging 222 grams (about 1/2 pound) less than the babies of nonsmokers. This information is significant, because smoking is more common among pregnant adolescents than among pregnant adults. 84

Smoking also has been associated with perinatal and infant mortality. Kleinman et al. conducted a study of fetal and infant death using the largest data base available for this type of study. They concluded that, relative to nonsmoking pregnant women, pregnant women who smoked experienced a 25 percent to 55 percent greater risk of mortality among first-born children. The level of risk was dependent upon the number of cigarettes smoked per day. For second births, the mortality risk was 30 percent greater among smokers, regardless of the amount smoked. The authors estimated that, if smoking were eliminated among pregnant women, 7 percent to 11 percent of fetal and infant deaths might be avoided. A Swedish study corroborated these findings, showing that maternal smoking increases the risk of late fetal and early neonatal death, even among groups of mothers who are otherwise at low risk for these occurrences.

Other studies have documented an association between maternal smoking and bleeding during pregnancy; delivery complications due to abruptio placenta, placenta previa, and premature and prolonged rupture of membranes; spontaneous abortion; placental abnormalities; fetal bradycardia (increased heart rate); and jaundice in newborns.^{87,88}

Nearly 20 percent of 1987 newborn and infant deaths from low birth-weight, respiratory distress syndrome, and newborn respiratory conditions were attributed to maternal smoking during pregnancy. In addition, smoking was responsible for more than 13 percent of 1987 Michigan deaths from sudden infant death syndrome (SIDS). As detailed in Figure 2, 127 Michigan infants died during 1987 due to maternal smoking during pregnancy.

Chapter 1

^{*} Neonatal death refers to death of an infant during the first 28 days after live birth.

33 deaths
Sudden infant
death syndrome
(SIDS)

30 deaths
Newborn respiratory
conditions

Total deaths = 127

Figure 2. Smoking-Attributable Infant Mortality as a Percentage of Total Infant Mortality from Smoking-Attributable Conditions, Michigan Children Aged Newborn Through 1 Year of Age, 1987

Source: SAMMEC II⁸⁹

Other Health Effects of Smoking

In addition to the health effects just described, research is being conducted into the association between smoking and other health problems, among them breast cancer and osteoporosis. 90.91

And, in a recent development, researchers at the National Institute on Aging have suggested that although smokers generally tend to weigh less than nonsmokers, smoking is associated with a distribution of body fat that puts smokers at a higher risk for heart disease, diabetes, and other potentially fatal diseases. This research may help to influence smokers who have been reluctant to quit because of the tendency to gain weight after quitting.

Passive Smoking

Evidence uncovered during the past 15 years has led to the conclusion that cigarette smoking is dangerous and deadly, not only to smokers, but also to nonsmokers who are regularly exposed to tobacco smoke in the environment. According to Byrd et al.:

Environmental tobacco smoke consists of mainstream smoke, sidestream smoke, and vapor phase components that diffuse through cigarette paper into the environment. Mainstream smoke is the smoke inhaled and exhaled by the smoker, and sidestream smoke is the smoke which issues from the end of the cigarette between puffs. Approximately 85 percent of passive smoke exposure is from sidestream and 15 percent from mainstream smoke.⁹³

Although the chemical components of mainstream and sidestream smoke are the same, undiluted sidestream smoke contains higher amounts of ammonia, benzene, carbon monoxide, nicotine, and five other components known to be carcinogens. Sandler et al. cited reports that nonsmokers exposed to environmental tobacco smoke show increased levels of smoke byproducts in body fluids, increased activity of enzyme systems that metabolize potential carcinogens, and increased levels of urinary mutagens. So

Estimates of the number of Americans who die each year from diseases related to environmental tobacco smoke are as high as 46,000, a figure that closely approximates the number of persons killed annually in auto accidents in this country. In fact, the number of persons who are injured from passive smoking is greater than the number who are injured from other environmental agents—such as asbestos—that are under federal or state regulation. The property of the

Sandler and associates studied a sample of persons in Maryland and found an increased risk of mortality from all diseases among both nonsmoking women and nonsmoking men who were regularly exposed to tobacco smoke at home. The mortality rate among these exposed nonsmokers was equal to that of regular cigar and pipe smokers, former cigarette smokers, and current smokers using fewer than 10 cigarettes per day. These differences in mortality between exposed and unexposed nonsmokers remained even when the analysis controlled for heart disease, the greatest source of mortality. As a result of their studies, Sandler and associates speculated that living with high levels of ambient tobacco smoke may alter an individual's general health status and increase the likelihood of fatality from a variety of illnesses.⁵⁶

The disease most strongly associated with passive smoking is lung cancer. Most research into this relationship has examined nonsmokers who were living with smokers, and has not reflected smoke exposure from workplaces or other areas. Although research into this problem has been hampered by the inability to find a truly unexposed control group, studies during the last 10 years have used increasingly better methodologies that strengthen their conclusions.⁹⁹

Chapter 1

Studies conducted in Europe, Asia, and North America indicate that the risk of lung cancer may be up to 30 percent higher for nonsmoking spouses of smokers than it is for nonsmoking spouses of nonsmokers. This could translate into more than 2,500 smoking-attributable lung cancer deaths annually among nonsmokers in the United States. This risk is 100 times higher than the estimated effect of 20 years of exposure to chrysotile asbestos in the amounts normally found in buildings. 101

Several studies also have indicated a link between passive smoking and heart disease. These studies suggest associations between nonsmokers living with smokers and coronary heart disease, nonfatal coronary events, and arteriosclerotic heart disease. ¹⁰² In general, this association is not yet firmly established.

The effects of passive smoking also have been seen among children. Studies consistently have documented increased upper and lower respiratory problems among children of smoking parents. These diseases include pneumonia, bronchitis, tracheitis, asthma, and ear infections, as well as increased coughing, phlegm production, wheezing, and other symptoms. An association exists for both mild cases and those requiring hospitalization. The effects are strongest for children under the age of two years, ¹⁰³ although some studies have shown an increased incidence of childhood reactive airway disease for children up to the age of 10 who live with smoking parents. ¹⁰⁴ The association is greatest when the smoking parent is the mother, and increases with higher levels of cigarette use in the home. ¹⁰⁵

In addition, studies have indicated that childhood exposure to high levels of environmental tobacco smoke may cause a decrease in the normal lung function growth rate. (It is unknown whether this later translates into chronic airflow obstruction problems as adults.¹⁰⁶) Other studies cautiously have suggested that pregnant nonsmokers who live with smokers have a higher risk of delivering babies of low birthweight.¹⁰⁷

Although the evidence is not complete enough to draw conclusions at this time, the link between passive smoking and chronic respiratory disease, brain cancer, cancer of the endocrine glands, breast cancer, cerebrovascular disease, diabetes, ulcers, and emphysema are all being studied.¹⁰⁸

Finally, ambient tobacco smoke is known to be an irritant to tissues, particularly the conjunctiva of the eyes and the mucous membranes of the nose, throat, and lower respiratory tract.¹⁰⁹

Accidental Injury and Death

Smoking is a major cause of accidental injury and death for smokers and nonsmokers alike. Cigarette-ignited fires are the leading cause of fire fatalities in this country, far outnumbering any other cause of fire deaths.¹¹⁰

Data from the Michigan Department of State Police show that there were 4,675 cigarette-ignited fires in the state during 1988, resulting in 20 deaths and 83 injuries, as well as total property losses of \$19.5 million. Two years before that, 3,322 cigarette-ignited fires had occurred in the state, resulting in 23 deaths, 106 injuries, and property losses of \$9.5 million. 111

The National Fire Protection Association (NFPA) reports that, during 1986, there were 45,500 cigarette-ignited residential fires in the United States, resulting in 1,415 deaths and 3,103 injuries. Among those who died or were injured were children and nonsmokers who were in the homes at the time of the blazes. During 1987, NFPA statistics show that 56 people lost their lives and 275 people sustained injuries in the 17,000 cigarette-ignited non-residential fires that occurred in the United States. A total of 12,800 vehicle fires and 155,900 other types of fires (including outdoor fires) also were started throughout this country by cigarettes during 1987. 112

The most feasible way to prevent injuries and deaths from cigarette-ignited fires is to manufacture and market self-extinguishing cigarettes. While patented examples of such products already exist, the tobacco industry has claimed that it cannot create fire-safe cigarettes that are also acceptable to consumers. In fact, some tobacco companies add substances to cigarettes that promote burning when the cigarette is lit but not being actively smoked. ¹¹³

Excess Illness and Death Among Minorities

Heart Disease Among Minorities

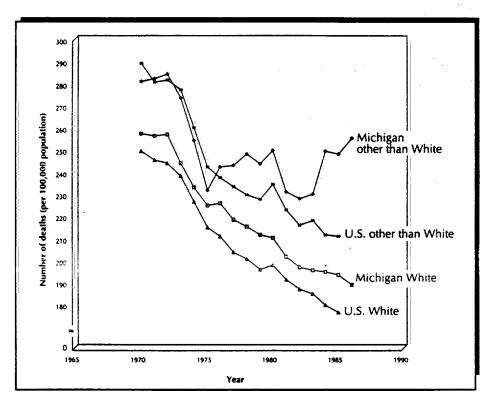
When surveying the health consequences of tobacco use, it is important to consider the discrepancies in heart disease incidence rates that are found between minorities and Whites in the United States. These discrepancies are due mainly to the higher heart disease rate among Blacks, a group which also is known to have a higher smoking prevalence. Native Americans, Hispanics, and Asian/Pacific Islanders, on the other hand, are allibelieved to have lower rates of heart disease than the general population. 114

Similarly, a discrepancy exists between the heart disease death rates of minorities and Whites in Michigan. As can be seen in Figure 3, the heart disease death rate for Michigan minorities as a group is higher than the rate

Chapter 1

for any other group, either in the state or in the country. In addition, the heart disease death rate for Michigan minorities has been increasing, while the rates for all other Michigan and U.S. groups have been declining.

Figure 3. Age-Adjusted Heart Disease Death Rates by Race for Michigan and U.S. Residents, 1970-1986



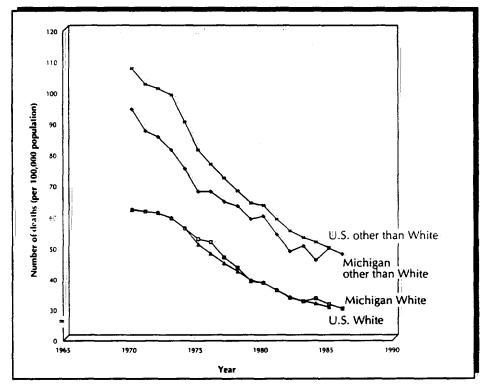
Source: Michigan Department of Public Health¹¹⁵

Cerebrovascular Disease Among Minorities

Data indicate that the mortality rates for cerebrovascular disease in Michigan and the United States also show racial differences. Cerebrovascular disease mortality rates are higher for Blacks and Native American males than for Whites (paralleling the fact that smoking prevalence rates are also higher for these two minority populations), although death rates for cerebrovascular disease among Asian/Pacific Islanders and Hispanics are lower than the rate for Whites. 116

Figure 4 shows a racial comparison for cerebrovascular disease mortality rates among Michigan and U.S. residents. While the rate for minorities has shown the same overall pattern of decline as the rate for Whites, the mortality rate for minorities still is significantly higher than the rate for Whites.

Figure 4. Age-Adjusted Cerebrovascular Disease Death Rates by Race for Michigan and U.S. Residents, 1970-1986



Source: Michigan Department of Public Health¹¹⁷

Smoking-Related Cancer Among Minorities

Michigan data on cancer also reflect racial differences. Table 2 shows incidence and mortality rates among Michigan Blacks and Whites for smoking-related cancers. For cancer of the lip, oral cavity, pharynx, pancreas, larynx, and lung and bronchus, incidence and mortality rates are higher for Black men and women in Michigan than for White men and women.

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Table 2. Age-Adjusted Incidence and Mortality Rates by Gender and Race for Smoking-Related Invasive Cancers at Primary Sites, Michigan Residents, 1987

	Males		Females	
Primary Site	White	Black	White	Black
Incidence Rate (per 100,000):				
Lip, oral cavity, and				
pharynx	13.6	23.4	4.9	*
Pancreas	7.0	13.3	5.5	13.5
Larynx	7.2	12.1	1.8	•
Lung and bronchus	72.1	123.1	31.6	39.4
Mortality Rate (per 100,000):				
Lip, oralicavity, and				
pharynx (1984-1987)	4.4	7.7	1.6	2.3
Pancreas (1986-1987):	9.3	14.4	6.9	11.2
Earynx (1984-1987)	2.5	4.6	0.4	0.9
Lung and bronchus	72.2	110.7	27.8	37.7
* Rate is considered statistically unreliable				

Source: Michigan Department of Public Health 138

National data on racial differences for cancer indicate that Blacks have a lower overall survival rate. In fact, the National Cancer Institute collected data for 16 primary cancer sites and found that Blacks showed a lower five-year survival rate than Whites for 10 of them.¹¹⁹

It has been suggested that tobacco is only one of several cancer risk factors that are more prevalent among the U.S. Black community. Other cancer risk factors that appear to be more prevalent among Blacks include alcohol use, poor nutrition, occupational hazards, and inadequate medical care.¹²⁰

While cancer data specific to other minority populations are scarce, available data suggest an increased risk among some populations for certain types of cancer.

For instance, it has been suggested that Chinese in the United States are at greater risk than Whites for cancer of the esophagus. Native Hawaiians are believed to have higher incidence and mortality risk for lung cancer than Whites. The same is true of Native American tribes in Oklahoma, a group that is known to have high smoking prevalence. On the other hand, lung cancer incidence and mortality risks for Hispanics are lower than for Whites, although this could change if smoking prevalence among certain Hispanic groups continues to increase. 121

Infant Mortality Among Minorities

The preceding discussion of the health effects of tobacco use indicated that maternal smoking is associated with poor pregnancy outcome, including late fetal and early infant mortality.

A comparison of infant mortality rates for Blacks and Whites in Michigan between 1970 and 1986 reveals a shocking difference. During 1986, the Black infant mortality rate of 23.0 deaths per 1,000 live births was 156 percent higher than the White rate of 9.0 deaths per 1,000 live births. Limited data are available on infant mortality rates for other minority communities in Michigan.

The importance of tobacco reduction in narrowing the gap between disease and death rates among racial groups has been noted by former U.S. Surgeon General C. Everett Koop:

We must place cigarette smoking in the total context of minority health, but in doing so we must give it its proper place in the hierarchy of risks. It ranks very high indeed. Two of the six leading causes of excess death observed among Blacks and other minorities are cancer and cardiovascular disease, both of which are smoking-related, and a third is infant mortality, to which cigarette smoking contributes. I submit that no public or private effort aimed at improving the health of Blacks and other minorities can omit the reduction of cigarette smoking as one of its major goals. 123

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Public Knowledge of the Harmful Effects of Tobacco

Although the scientific community has clearly substantiated the negative health effects of tobacco use, the general public does not appear to be fully aware of this information and its significance.

The 1989 U.S. Surgeon General's report on smoking and health included an overview of the major surveys of public knowledge about the health effects of tobacco use.* The report noted that there are three areas in which to measure public understanding of the relationship between tobacco use and health: knowledge of the health effects of tobacco use; perception of the personal risks involved with tobacco use; and knowledge of the magnitude of the risks associated with tobacco use.¹²⁴

The following information summarizes the survey data discussed in the 1989 U.S. Surgeon General's report.

Knowledge of the Health Consequences of Tobacco Use

Today, 90 percent of Americans agree that cigarette smoking is harmful to health. A lesser percentage believe that any level of smoking (as opposed to only heavy smoking) is harmful. Current smokers consistently give answers that indicate that they are less aware than nonsmokers or former smokers of the health consequences of cigarette smoking.

The percentage of persons who recognize the associations between smoking and lung cancer, heart disease, and chronic lung disease has increased consistently over time until, today, a high percentage of the public knows about these links. However, the percentage of smokers who recognize these relationships continues to be lower than the percentage of non-smokers or former smokers who recognize these associations.

Although the percentage of individuals who recognize the risks of smoking and poor pregnancy outcome and the health effects of passive smoking is increasing, it still is slightly lower than the percentage who recognize risks related to other diseases. There is less public awareness of the effects of smoking on cancer of the bladder, larynx, and esophagus than about other smoking-related health conditions. Again, current smokers are

^{*} Surveys used to determine public knowledge about the health effects of smoking included the National Health Interview Surveys of 1985 and 1987; the Adult Use of Tobacco Surveys of 1964, 1966, 1970, 1975, and 1986; Gallup Polls; Roper Organization surveys; and other national and local surveys. The results of these surveys can be generalized to varying degrees.

less likely than other persons to recognize the risks for all of these smoking-related health problems.

The public seems to be only moderately knowledgeable about the health consequences of smokeless tobacco, and current smokers are less likely to know about the health risks associated with the use of smokeless tobacco than are former smokers or those persons who have never smoked.

Perception of the Personal Risks Involved with Tobacco Use

It has been suggested that there may be a large gap between having knowledge of the health effects of smoking and relating that knowledge to one's own health status. Survey results suggest that this may be the case for current smokers.

In a 1987 survey, only 55 percent of current smokers answered "yes" when asked if they believed that smoking had affected their health in any way. Presumably, this result reflects the fact that many smokers have not experienced actual symptoms of disease that they would associate with smoking.

When a 1986 survey asked current smokers about the possible effects of cigarette smoking on their health, only 40 percent said they were "very concerned" or "fairly concerned" about the personal health effects of smoking. Thirty-four percent said they were only "slightly concerned," and 24 percent indicated that they were "not in any way concerned" about the possible effects of cigarette smoking on their health.

It is possible that those smokers who are most concerned about the impact of cigarette smoking on their personal health may be the ones most likely to quit smoking.

Knowledge of the Magnitude of Risk from Smoking

An array of survey data regarding the degree of risk posed by smoking shows that the magnitude of the risk is continually underestimated by smokers and nonsmokers alike.

When asked to rate the dangers of smoking in relation to other environmental or personal risk factors—such as pollution, poor water quality, failure to use smoke detectors, high-fat diets, lack of exercise, or stress—those persons surveyed seldom recognized tobacco use as a predominant risk factor. The most recent data suggest that knowledge in this area may be increasing somewhat.

Chapter 1

Adolescents' Knowledge of the Health Effects of Tobacco Use

Because some adolescents will become the tobacco users of the future, it is important to be aware of this group's knowledge about the links between tobacco use and health. Unfortunately, data on the beliefs of this age group are harder to find and are not as easily generalized as data on the beliefs of the adult population.

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One of the sources of information that does exist, however, is data derived from an annual series of surveys sponsored by the National Institute on Drug Abuse. The results of these surveys—which have been conducted among the nation's high school seniors every year since 1975—indicate that most of these teenagers recognize some type of health risk from smoking. The proportion who believe that smoking at least one pack of cigarettes a day poses a great risk to health increased from 51 percent in 1975 to 67 percent in 1985. (It should be noted, however, that this survey does not include teenagers who have dropped out of school prior to their senior year.)

While this is a welcome increase, the surveys indicate that teens still are less likely than adults to understand the risks of smoking. Nevertheless, the results show a promising decrease in the number of adolescents who believe that the dangers of smoking have been exaggerated. The surveys also indicate that, as with adults, teenagers who are current smokers or who come from families who smoke are less likely to personalize the health consequences of tobacco use. 125

A small non-random survey conducted in 1985 by the Office of the Inspector General, Department of Health and Human Services, among junior high, middle school, and high school students in 16 states explored adolescents' knowledge of the risks associated with the use of smokeless tobacco. Results indicated that most youth are poorly informed about the health consequences and the degree of risk posed by the use of chewing tobacco and snuff. 126

In Selling Smoke: Cigarette Advertising and Public Health, Warner evaluated the state of public knowledge about the health consequences of tobacco use:

The superficiality of the public's knowledge can be summarized as follows: for sizable percentages of the population, knowledge of the basic facts of smoking and health is exceedingly basic and the implications of those facts are not well understood. Furthermore, the public ranks smoking as a hazard in the same category as toxic dumps, saccharin, EDB in muffin mix, moderate overweight, and so on. That is, there is little differentiation of the *degree* of hazard, and hence the importance of not smoking becomes

diluted by the perception that smoking is simply one more ingredient in an environmental soup of risks to health. Finally, careful research has revealed that smokers do not personalize the risks of smoking. They acknowledge them, but they perceive them to be 'other people's problems'.¹²⁷

Tobacco Products and Addiction

The health consequences of tobacco use are caused by repeated exposure to the toxic components of tobacco products. Such repeated exposure is ensured by the fact that tobacco use is addicting. ¹²⁸

Recognizing the addictive nature of tobacco products is central to understanding the factors that motivate tobacco users to continue the habit, even in the face of knowledge about tobacco's harmful effects. A recognition of the addictive nature of tobacco products also is important when attempting to identify strategies that will be effective in helping tobacco users to quit.

The 1988 U.S. Surgeon General's report on smoking and health alerted the nation to the fact that tobacco use is addicting, and that nicotine is the component that causes the addiction. In this report, the process by which tobacco users become addicted to nicotine was shown to be similar to that of heroin and cocaine.¹²⁹

The addictive nature of these products also is acknowledged in the diagnostic manuals of the medical and psychiatric professions. The *International Classification of Diseases* has a special category for diseases and death caused by tobacco dependence. The *Diagnostic and Statistical Manual of Mental Disorders* includes tobacco dependence as a substance abuse disorder.

Nicotine from cigarette smoke or smokeless tobacco in the mouth is quickly absorbed into the bloodstream and passed on to the central nervous system, where specialized receptors react to its presence. The body responds with changes in pulse rate and skin temperature, increased blood pressure, decreased blood circulation to the extremities, brain wave changes, and the release of certain hormones and neuropeptides (amino acids). The combination of these bodily changes can cause a pleasurable effect for the tobacco user, thereby reinforcing the use of the tobacco product.¹³²

According to the 1988 U.S. Surgeon General's report on smoking and health, tobacco use meets the primary criteria for drug dependence: highly

Chapter 1

controlled or compulsive use; psychoactive (mind-altering) effects; and behavior that is reinforced by the use of the drug itself.

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While these criteria alone are enough to define drug dependence, tobacco users exhibit other behaviors that further denote addiction. These include stereotypical patterns of use, use despite harmful effects, relapse following abstinence, and recurrent drug cravings. Nicotine also causes physiological reactions that are related to dependence, including increasing tolerance to the effects of the drug, physical dependence with withdrawal symptoms when the drug is removed, and pleasant (euphoric) effects. 133

In addition to these physiological effects of tobacco use, psychological factors contribute to the inability of tobacco users to quit the habit. The use of tobacco is reinforced by psychological effects perceived by the tobacco users. Some researchers report that these products are used to regulate emotional states, specifically reducing negative emotions, such as stress or fear, and evoking positive, euphoric feelings. 134

Economic Consequences of Tobacco Use

The primary goal of reducing smoking and the use of smokeless tobacco is to improve the health of Michigan's citizens. However, any behavior that results in the annual loss of more than 16,000 Michigan lives and the use of thousands of days of hospital care also has significant economic consequences for the State. These consequences are important because they determine, at least in part, how the State spends its resources. As such, they have a profound impact on the quality of life in Michigan.

Many authors have quantified the economic consequences of tobacco use from a wide variety of perspectives. For example, tobacco industry studies have emphasized the contribution that those involved in the production and distribution of tobacco products make to the U.S. economy in terms of employment, balance of trade, and tax payments to units of government. Not surprisingly, the value of goods and services used to provide medical care for those persons who become ill through the use of tobacco is not included in tobacco industry analysts' calculations. Neither is the value of funeral and legal services associated with tobacco-caused deaths.¹³⁵

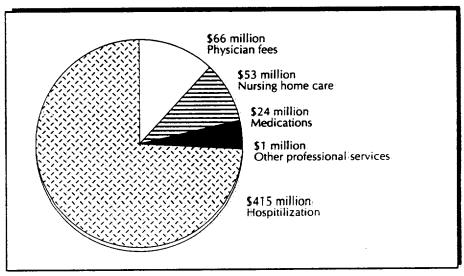
The analysis that follows does not attempt to calculate the "net" economic benefit to Michigan's economy that would be realized if tobacco use were to be eliminated in the state. Indeed, Warner contends that the net economic benefit of eliminating tobacco use may be small or non-existent, at

least for the U.S. economy as a whole. This is because the calculations must consider increased pension and Social Security costs for individuals whose lives are extended, as well as the fact that those whose lives are extended still may require, later in life, the costly health care services usually associated with terminal illness. However, Warner's analysis suggests that, in Michigan and other non-tobacco-producing states, there is a greater probability of significant net benefit from the absence of tobacco-related disease than for the U.S. as a whole.

Rather than presenting an economic cost/benefit analysis, the following discussion uses the SAMMEC II computer model to estimate the size of some of the undesirable economic consequences of tobacco use in Michigan.

The costs that have been calculated are of two kinds—direct and indirect. In the SAMMEC II model, *direct costs* are defined as dollars spent on medical services to care for people made ill from tobacco use. They are costs because they represent resources that could be used for other health services or social needs, such as improved housing, education, transportation, or recreational opportunities. The direct costs include hospital and nursing home care, professional services, and medications.

Figure 5. Smoking-Attributable Direct Costs for Michigan Adults, Aged 35 Years and Older, 1987



Source: SAMMEC II137

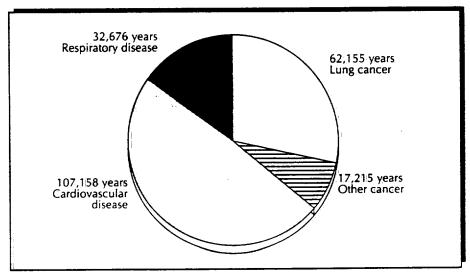
Figure 5 illustrates smoking-attributable direct costs for Michigan adults during 1987, as computed using the SAMMEC II program. Hospital care accounts for 74 percent of all direct costs, dwarfing all other categories. During 1987, the total cost to Michigan's economy for smoking-attributable medical care was \$559 million.

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The second type of cost associated with tobacco use is the *indirect cost* of *smoking-related mortality*. Indirect mortality costs take into account the value of the productivity lost when people die prematurely from smoking-related disease and, thus, do not realize the full potential of their lifetime earnings.

In part, the SAMMEC II program derives the figure for income lost due to premature death from a measure of the *years of potential life lost* (YPLL). The YPLL for a specific year can be computed as an estimate of the total number of additional years smokers would have been expected to live if they had not died prematurely during that year due to smoking-attributable illness.

Figure 6. Years of Potential Life Lost Due to Smoking-Attributable Disease for Michigan Adult Smokers, Aged 35 Years and Older, 1987

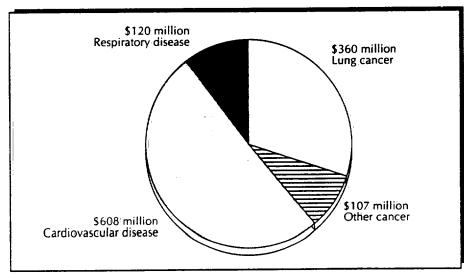


Source: SAMMEC II138

Figure 6 displays 1987 YPLL figures for adult Michigan smokers, divided among the major diagnostic categories included in the SAMMEC II program. Cardiovascular disease took the greatest toll of any overall disease category, reflecting the large number of smoking-attributable deaths from various heart and cerebrovascular diseases. However, lung cancer is the single diagnosis responsible for the greatest loss of potential life, due to the fact that smokers die at a relatively young age from this disease. During 1987, the total YPLL for adult Michigan smokers was 230,236 years.

Given the calculation of YPLL, an estimate of indirect mortality costs can be made. Figure 7 displays indirect smoking-attributable mortality costs for adults in Michigan during 1987 for the major categories of smoking-related disease. As was reflected in YPLL (above), cardiovascular disease accounted for the greatest indirect costs of any disease category. Ischemic heart disease, with total indirect costs of \$363 million, was the single diagnosis with the largest cost impact, followed very closely by lung cancer (\$360 million). During that year, Michigan's total indirect smoking-attributable mortality costs equalled \$1.2 billion.

Figure 7. Smoking-Attributable Indirect Mortality Costs for Michigan Adult Smokers, 1987



Source: SAMMEC II139

A final measure of the economic consequences of smoking is *estimated* indirect morbidity costs, defined as the estimate of lost productivity for individuals who are disabled by non-fatal (or slowly fatal) smoking-related illnesses.

These estimated indirect morbidity costs are measured as wages, salaries, and supplements for days lost from work among currently employed persons for long-term disability and hospitalization arising from smoking-attributable causes. Also included is the imputed value of house-keeping services for persons who are unable to keep house because of smoking-induced illness. ¹⁴⁰ During 1987, Michigan's smoking-attributable estimated indirect morbidity costs totaled \$168 million.

Table 3 summarizes the smoking-attributable direct and indirect costs for the state during 1987. As computed using the SAMMEC II program, smoking-attributable disease and death resulted in total costs of more than \$1.9 billion in Michigan during 1987.

As can be seen in the data below, the use of tobacco products costs Michigan nearly \$2 billion worth of undesirable economic consequences each year. These costs translate into specific losses that are borne, in varying degrees, by insurers, employers, families of injured tobacco users, and units of government.

Table 3. Summary of Smoking-Attributable Direct and Indirect Costs for Michigan, 1987

Direct costs	\$ 559,217,201
Indirect mortality costs	1,234,502,773
Estimated indirect morbidity costs	\$ 168,757,136
Estimated Total Costs	\$ 1,962,477,110

Source: SAMMEC II141

Success of the Antismoking Campaign

This chapter has outlined the tremendous burden of illness, death, and economic consequences that tobacco use has placed upon Michigan and the United States.

It is a burden that falls unevenly on minority populations and affects not only smokers, but also nonsmokers who are exposed to environmental tobacco smoke or smoking-attributable accidents and fires. It is a burden that also affects national and state economies because of the direct and indirect costs associated with caring for individuals affected by the use of tobacco.

However, it is encouraging to note that the antismoking activities that have taken place during the past 25 years have begun to decrease the size of this burden. Through vigorous efforts in public education, smoking prevention, and regulation of tobacco use, numerous tobacco users have been encouraged to quit the habit, and an unknown number of potential new users have been convinced to never begin. This positive change can be translated directly into improved health for individuals and fewer demands on economic resources.

Warner has estimated that antismoking activities postponed 789,200 deaths in the United States between 1964 and 1985. During 1985 alone, an estimated 112,400 lives were saved, representing a 12-percent decline in the number of deaths that could have been expected had the antismoking campaign not been successful in changing U.S. smoking patterns.

For each individual death that was postponed by the antismoking campaign, Warner has estimated that an average of 20.6 years of life was saved. In addition, he has predicted that the life savings attributable to the antismoking efforts will continue to rise as the birth cohorts most likely to be affected by the campaign reach the age at which the health effects of tobacco use are historically the greatest.¹⁴²

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CONTENTS

Chapter Highlights53
Cigarette Use Among the General Adult Population55
Per Capita Consumption
Smoking Prevalence
Smoking Quit Ratio
Proportion of Heavy Smokers
Cigarette Use Among Special Populations62
Women
Pregnant Women
Racial and Ethnic Groups
Persons with Low Educational Levels
Persons with Low Income
Children and Adolescents
How Changes in Cigarettes Affect Consumption84
Non-Cigarette Tobacco Products8
Smokeless Tobacco
Cigars and Pipes
Smoking Prevalence in the Year 200090

To reduce tobacco use among Michigan residents, it is necessary to first understand the patterns of use in the state. These patterns form a baseline against which to measure progress toward reducing the use of cigarettes and other forms of tobacco. Analyzing tobacco use among the different subgroups of Michigan's population shows the need for strategies that will assist a broad cross section of Michigan's residents to stop using tobacco.

Chapter Highlights:

- If current trends continue during the next decade, 21.7 percent of Michigan residents will smoke by the turn of the century. Efforts to stem tobacco use must be greatly enhanced in order to meet the goal of cutting the prevalence of tobacco use among the Michigan population in half by the Year 2000.
- Although there has been some overall decline in the proportion of young people taking up smoking, the percentage of young women with less than a high school education who are beginning to smoke has been on the increase.
- The age at which persons are trying their first cigarette is dropping, a fact that is especially true among Whites and males.
- The consumption of cigarettes in Michigan declined by 3.2 percent between 1983 and 1987.
- In general, patterns of tobacco use in Michigan follownational patterns.
- During 1987, the proportion of persons in Michigan who smoked cigarettes was 28.9 percent, down from 32.4 percent in 1982.
- The proportion of Michigan residents who had smoked at one time but who had quit (i.e., the "quit ratio") was approximately 44 percent in 1987, up from roughly 42 percent in 1982.

Patterns of Tobacco Use

- During 1987, 59 percent of Michigan smokers surveyed said they smoked one pack of cigarettes or more per day.
- The cigarette smoking behaviors of the following population groups warrant special concern:

Women. The smoking prevalence among women is decreasing more slowly than the smoking prevalence among men. Women are quitting smoking at a slower rate than men.

Pregnant Women. Pregnant women who are less than 20 years old, who are unmarried, or who have less than a high school education are more apt to smoke cigarettes than older, married, and more educated pregnant women.

Blacks. The cigarette smoking rate is higher among Blacks than among Whites, and the smoking quit ratio for Blacks lags behind the smoking quit ratio for Whites.

Hispanics. The smoking rate among Hispanic men is higher than among men in the general population. Although it is generally less common for Hispanic women to smoke cigarettes than it is for women in the general population, the proportion of Hispanic women who smoke may be on the increase.

Persons with Low Educational Levels. There is an inverse relationship between smoking and educational level. Persons without high school diplomas smoke at a much higher rate than persons with a college degree.

Persons with Low Income. Smoking and income level are inversely related. Michigan residents with incomes of less than \$10,000 are more likely to be smokers than those residents with higher incomes. Smokers with low incomes are less likely to quit smoking than smokers with high incomes.

- During 1987, an estimated 3 percent of the Michigan population used smokeless tobacco products (primarily moist snuff or chewing tobacco). Virtually all smokeless tobacco users are male, and most of them are White and relatively young. In addition, the prevalence of smokeless tobacco use is higher among those state residents with lower educational levels.
- Nationally, the proportion of persons smoking cigars and pipes has declined significantly, to 4.3 percent. Prevalence of cigar and pipe use is believed to increase with age, and to be more common among Whites than Blacks. Cigar and pipe smokers also are more apt to be found at either end of the educational spectrum, having less than a high school education or possessing a college degree.

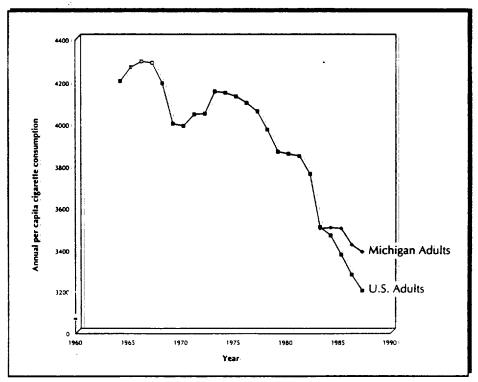
Cigarette Use Among the General Adult Population

Per Capita Consumption

The most common measure of the number of cigarettes consumed is per capita cigarette consumption, defined as the total number of cigarettes sold, divided by the total adult population (i.e., the number of persons aged 18 and older).* Trends in cigarette consumption can be analyzed by comparing annual per capita consumption rates.

Figure 1 illustrates per capita cigarette consumption for Michigan and the United States. Michigan consumption data are not available for years prior to 1983; U.S. data are included for 1964 through 1987.

Figure 1. Annual Per Capita Cigarette Consumption Among U.S. and Michigan Adults, Aged 18 Years and Older, 1964-1987



[†] For detailed information, see Appendix A, Tables 1 and 2. Sources: Michigan Department of Public Health¹; U.S. Department of Agriculture²

Patterns of Tobacco Use 55

^{*} It should be noted that the per capita figure is calculated per *person*, not per smoker.

As can be seen in Figure 1, Michigan's per capita cigarette consumption rate changed very little between 1983 and 1985, but showed a slight decrease from 1985 to 1987.

For the United States, U.S. Department of Agriculture data (not shown in Figure 1) describe a general pattern of increases for U.S. per capita cigarette consumption between 1900 and 1964, with noticeable decreases during the years surrounding the Great Depression, the end of World War II, and the years of the first widespread public discussion of cigarettes and health (1953-1954).³

With the release of the first U.S. Surgeon General's report on smoking and related health hazards in 1964, the trend toward increasing cigarette consumption changed. As can be seen in Figure 1, the national per capita consumption rate generally fell with each new year after 1964, with the exception of the years immediately preceding and immediately following the application of the Fairness Doctrine to broadcast cigarette advertising (1965-1966 and 1971-1973). Beginning in 1974, an overall downward pattern in consumption can be seen. A noteworthy decrease of 6.7 percent occurred in 1983, the year in which the federal cigarette excise tax was raised from 8 cents to 16 cents per pack.

The data show that the national per capita rate was similar to the Michigan rate during 1983, but fell at a faster pace after that. The national rate fell 8.7 percent between 1983 and 1987, while the Michigan rate fell only 3.2 percent during that time.

Smoking Prevalence

The sales data cited earlier provide population-wide figures for cigarette consumption, but they do not indicate what proportion of the population uses tobacco, nor provide a breakdown of consumption by subgroups. Smoking prevalence data do provide these comparisons. Smoking prevalence is defined as the proportion of cigarette smokers in a population at a given point in time.

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^{*} In 1967, the Federal Communications Commission (FCC) ruled that the Fairness Doctrine applied to cigarette advertising and began to require that stations airing cigarette commercials donate a specified amount of air time for antismoking messages. Three years later, the U.S. Congress banned cigarette advertisements on television and radio stations, and the FCC responded by ruling that, effective in 1971, the Fairness Doctrine would no longer apply to cigarette advertising. As a result of these two actions, both broadcast cigarette advertisement and required "fair time" antismoking messages ended in 1971.

Smoking prevalence has been estimated for the total Michigan population and for specific population subgroups using responses to the state's Behavioral Risk Factor Surveys (BRFS).* The Michigan Department of Public Health conducted the BRFS in Michigan during 1982 and 1987 to obtain adult population prevalence estimates for various health risk factors, such as seat belt use, obesity, smoking, hypertension, alcohol use, and physical activity.*

Table 1 notes the prevalence of cigarette smoking among Michigan's adult population, based upon BRFS data from 1982 and 1987. Michigan's smoking prevalence in 1982 was estimated at 32.4 percent, falling to 28.9 percent in 1987. This represents an encouraging 10.8 percent drop in the proportion of current smokers among Michigan residents between those years. During that same time, there was a 9.3 percent rise in the proportion of never smokers in the state. The proportion of former smokers in North-gan dropped by 2.5 percent.

Table 1. Michigan Cigarette Smoking Prevalence, Adults Aged 18 Years and Older, 1982 and 1987

	1982	1987	Percent Change (1982-1987)
Current Smokers	32.4%	28.9%	-10.8%
Former Smokers	23.7	23.0	-2.5
Never Smokers	44.0	48.1	+9.3

Source: BRFS⁴

Patterns of Tobacco Use

^{*} The methodifor the BRFS was defined by the U.S. Centers for Disease Control to allow interested states to study the distribution of health risks among demographic subgroups. The BRFS methodology uses random-digit-dialed telephone interviews. The survey questions: allow for calculation of the prevalence of "current smokers", "ever smokers" (i.e., current and former smokers): "never smokers" (i.e., those persons who have never smoked), and "heavy smokers" (i.e., those persons smoking at least 25 cigarettes a day) among the adult population.

^{*} BRFS data are the only recent detailed smoking prevalence data available for the Michigan-population. However, interpretation of the data-is limited by the small sample sizes of many subgroups. Standard errors for these subgroups are large, indicating that the actual prevalence figure falls within a fairly broad range of percentages. Standard errors for BRFS data reported in this chapter are included in Appendix B. All Michigan smoking prevalence figures included in the following text and graphs are midpoints of these ranges.

Additional information on smoking prevalence in Michigan can be gleaned from the 1983-1984 Michigan Blood Pressure Survey, a face-to-face household survey conducted among 2,800 Michigan residents.* The Blood Pressure Survey also indicated that about one-third (33 percent) of the Michigan adult population smoked cigarettes during the early 1980s.5

Year

Figure 2. Cigarette Smoking Prevalence Among Adults, Michigan (Aged 18 Years and Older) and U.S. (Aged 20 Years and Older), 1965-1987

Sources: NHIS6; BRFS7

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[†] For detailed information, see Appendix A, Table 3.

^{*} The Michigan Blood Pressure Survey was a household interview survey of a stratified random sample that was representative of the Michigan non-institutionalized adult population. The survey was conducted by the University of Michigan for the Michigan Department of Public Health. Surveys were conducted during 1980 and again during 1983-1984 in an effort to acquire data about high blood pressure and related factors in Michigan's adult population.

Figure 2 shows smoking prevalence for the U.S. adult population, taken from the National Health Interview Surveys (NHIS),* for those years between 1965 and 1987 when the surveys were conducted. (Michigan prevalences from BRFS data for 1987 are included in Figure 2 for comparison.) The data show a pattern of yearly declines in the proportion of current smokers among U.S. adults. Overall, U.S. smoking prevalence fell from 40.4 percent in 1965 to an estimated 29.1 percent in 1987.

Comparing data from the Michigan and U.S. surveys indicates that the proportion of current smokers in Michigan was very close to the proportion of current smokers across the United States in recent years and that the state and national rates showed similar cumulative declines between 1982 and 1987. This is somewhat in contrast to the comparison of per capita consumption, for which the Michigan rate fell more slowly than the national rate.

Smoking Quit Ratio

In addition to information about the proportion of cigarette smokers in a population, survey data also can supply information about the quitting activities of cigarette smokers. The most common of these indicators is the *smoking quit ratio*, defined as the proportion of ever smokers who are not smoking at a given point in time.

Figure 3 illustrates smoking quit ratios for the U.S. adult population during the last two decades, as well as the Michigan quit ratio for 1987. This figure shows that the proportion of U.S. ever smokers who were not smoking at the time the surveys were conducted increased by 51.3 percent (15.2 percentage points) on the national level between 1965 and 1987.

^{*} The NHIS are conducted regularly (usually on an annual basis) by the National Center for Health Statistics. Face-to-face interviews with one adult per household are used to gather information on the smoking habits within each sample household. Prior to 1974, NHIS data were based upon both self-reports and proxy reports; since then, they have been based solely upon self-reports, either during the initial in-person visit or during a follow-up telephone call.

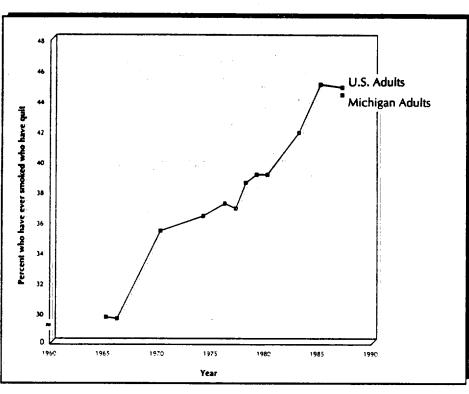


Figure 3. Smoking Quit Ratio Among Adult Cigarette Smokers, Michigan (Aged 18 Years and Older) and U.S. (Aged 20 Years and Older), 1964-1987

Michigan quit ratios for 1982 and 1987 were roughly equivalent to national quit ratios in those years. According to calculations based on BRFS data, the Michigan quit ratio for 1982 was 42.1 percent, while the 1987 Michigan figure was 44.3 percent.

Proportion of Heavy Smokers

Another statistic that yields information on smoking patterns is the proportion of smokers who are heavy smokers (defined as those persons who smoke 25 cigarettes or more per day). 10

Data gathered from the 1987 BRFS show that the majority of current smokers in Michigan (about 59 percent) reported smoking one pack or more of cigarettes per day. (See Figure 4.)

^{*} For detailed information, see Appendix A, Table 4. Sources: NHIS⁸; Michigan Department of Public Health⁹

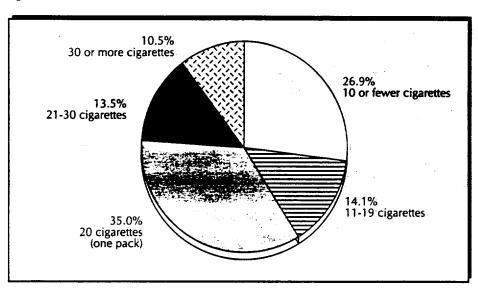


Figure 4. Number of Cigarettes Smoked Daily, As Reported by Adult Michigan Smokers, Aged 18 Years and Older, 1987

Source: BRFS¹¹

To determine the proportion of the U.S. smoking population consuming various numbers of cigarettes per day, researchers have turned to NHIS survey data. According to these data, little variation has occurred since 1974 in the proportion of the U.S. smoking population that can be considered heavy smokers.* While 26.0 percent of smokers surveyed in 1974 reported smoking 25 or more cigarettes per day, 27.1 percent surveyed in 1985 reported smoking that many cigarettes each day.

Based upon the self-reported NHIS data, it appears that the greatest proportion of current U.S. smokers (41.9 percent) consume approximately one pack of cigarettes per day (15 to 24 cigarettes), slightly less than the definition of a heavy smoker.¹²

Although a comparison of Michigan and national data is hampered by the survey differences in categorizing the number of cigarettes smoked, the data seem to suggest that a smaller proportion of Michigan's smoking population may be heavy smokers.

Patterns of Tobacco Use

^{*} Prior to 1974; the NHIS allowed information on the amount smoked by an individual to be relayed by proxy, a factor that has been shown to understate the number of cigarettes smoked. Consequently, data gathered on this question prior to the 1974 survey have not been included in this analysis.

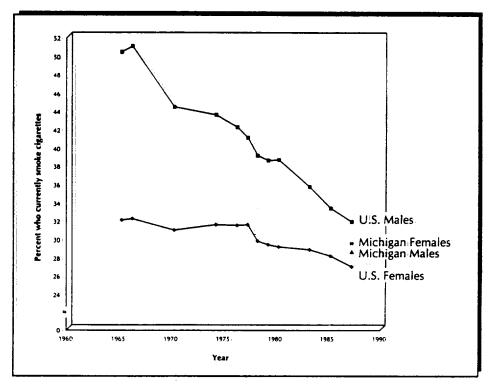
Cigarette Use Among Special Populations

Based upon national and state tobacco use data, it is possible to identify certain population groups that should receive special consideration when planning tobacco reduction efforts.

Women

Women are of particular concern because they do not seem to have been as successful as men in reducing their smoking habits. Figure 5 details smoking prevalence rates for men and women in the United States between 1965 and 1987, and for men and women in Michigan in 1987.

Figure 5. Cigarette Smoking Prevalence by Gender Among Adults, Michigan (Aged 18 Years and Older) and U.S. (Aged 20 Years and Older), 1965-1987



^{*} U.S. gender data adjusted to the age distribution of the 1985 U.S. population.

Sources: NHIS13; BRFS14

⁵ For detailed information, see Appendix A, Tables 5 and 6.

Historically, smoking prevalence rates have been lower for women than for men in the general U.S. population. But health advocates are voicing increasing concern over the difference in the rate of decline in each gender's smoking prevalence.

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The smoking prevalence rate for U.S. women dropped by only 16 percent between 1965 and 1987 (from 31.9 percent to an estimated 26.8 percent), while the rate for men in the overall U.S. population fell by almost 37 percent during that same time (from 50.2 percent to an estimated 31.7 percent).

In fact, during every year between 1978 and 1987, the national cigarette smoking prevalence rate for women declined more slowly than the rate for men. If these trends continue, the smoking prevalence rate for women will meet, and eventually exceed, the rate for men.

On the state level, BRFS data on smoking behaviors by gender appear to differ from national figures. As can be seen in Figure 5, the smoking prevalence rate for Michigan women during 1987 (roughly 29 percent) was apparently higher than the national prevalence rate for women in that year (26.8 percent). For Michigan men, however, the smoking prevalence rate in 1987 was apparently slightly lower than the national estimate. In 1987, approximately 28 percent of Michigan men smoked, compared with an estimated 31.7 percent of U.S. men.

Thus, the 1987 BRFS data suggest that the national trend toward convergence of male and female smoking rates already may have been reached in Michigan. However, as noted previously, BFRS data must be interpreted with caution due to small sample size.

A second measure of smoking-related behaviors, smoking quit ratio, also has shown different patterns between the genders, both on the state and national levels. As Figure 6 indicates, for each year in which data were collected, the quit ratios among U.S. women were lower than the quit ratios among U.S. men. The Michigan BRFS data also suggest that the quit ratio among Michigan women was substantially lower than the quit ratio among Michigan men during 1987. Indeed, it appears that both nationally and in Michigan, the primary factor explaining the convergence of male and female smoking rates is that men are more likely to quit smoking than women.

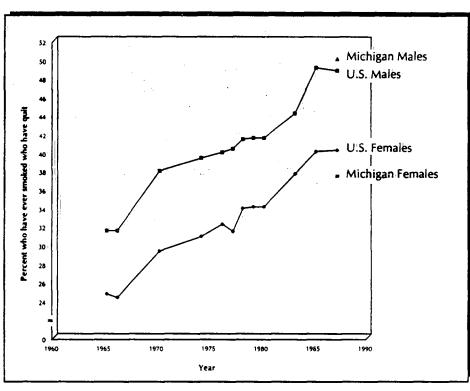


Figure 6. Smoking Quit Ratio by Gender Among Adult Cigarette Smokers, Michigan (Aged 18 Years and Older) and U.S. (Aged 20 Years and Older), 1965-1987

¹ For detailed information, see Appendix A, Tables 7 and 8. Sources: NHIS¹⁵; Michigan Department of Public Health¹⁶

Pregnant Women

Because smoking by pregnant women has been shown to pose health risks to both mother and child, it is of special concern to health professionals...

Although smoking data specific to pregnant women in Michigan are not available, national data can be gleaned from the National Natality Surveys (NNS) for 1967 and 1980. Conducted by the National Center for Health Statistics, these surveys sampled the smoking behaviors of married women giving birth-during each of those two years. Tables 2 and 3 illustrate some of the findings from these surveys.

Table 2 shows smoking behavior for pregnant women by race and age for the years 1967 and 1980. During 1967, both Black and White women under 20 years old were slightly less likely to smoke during pregnancy than women over the age of 20. By 1980, the reverse was true. The percentage of women over 20 years old who smoked during pregnancy had declined considerably by that year, while smoking among younger pregnant Black women had stayed the same, and smoking among younger pregnant White women had actually *increased*.

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Table 2. Smoking Behavior of U.S. Married Mothers, by Race and Age, 1967 and 1980

Race and Age Range	1967	1980	
Percent Who Smoked Before Becoming Pregnant:			
White Mothers			
Less than 20 years old	44 %	46 %	
20 years old or older	45	30	
Black Mothers			
Less than 20 years old	32	30	
20 years old or older	40	26	
Percent (Of Above Smokers) Who Quit Smoking While Pregnant:			
White Mothers			
Less than 20 years old	12 %	16 %	
20 years old or older	11	1.7	
Black Mothers			
Less than 20 years old	16	1.2	
20 years old or older	17	1.1	
Percent Who Smoked While Pregnant:			
White Mothers			
lless than 20 years old	38:%	39. %	
20: years old or older	40:	25	
Black Mothers			
Lless than 20 years old	2.7	27	
20 years old or older	33:	23	

Source: Kleinman and Kopstein¹⁷

Patterns of Tobacco Use

It should be noted that, in both 1967 and 1980, fewer than 20 percent of pregnant women who smoked quit smoking while pregnant, regardless of race or age. Among Black females, the percentage of smokers quitting while pregnant actually decreased between 1967 and 1980.

The most important factor accounting for the decline in smoking during pregnancy between the two survey years seems to be a decrease in the number of women who smoked before becoming pregnant. In fact, White women under 20 years old (the only group in the survey that showed an increase in smoking during pregnancy between 1967 and 1980) were the only group that did not experience a decline in smoking before pregnancy.

Data on smoking status by educational level for married White pregnant women are given in Table 3. The data indicate that, at least among this group of women, education has a strong inverse relationship with smoking during pregnancy.

Table 3. Smoking Behavior, by Years of Education, of White Married Mothers in the United States, Aged 20 Years and Older, 1967 and 1980

Years of Education	1967	1980
Percent Who Smoked Before Becoming Pregnant:		
Less than 12 years of education	54:%	47 %
12 years	41	34
13 to 15 years	43	25
16 years or more	38	15
Percent (Of Above Smokers) Who Quit Smoking While Pregnant:		
Less than 12 years of education	111 %	9 %
12 years	10	17.
	1)2	20: ₽
13 to 15 years.	. –	20
13 to 15 years 16 years or more	1:2:	27
	. –	27
16 years or more	. –	27. C
16 years or more Percent Who Smoked While Pregnant:	1/2	27. \$\cdot \cdot \
16 years or more Percent Who Smoked While Pregnant: Less than 12 years of education	12	27 43 %

Source: Kleinman and Kopstein¹⁸

Of the married White women surveyed in 1967, 48 percent of those with less than a high school education smoked during pregnancy, in contrast to 34 percent of those with a college education. By 1980, this gap had widened, and the number of women with less than a high school education who smoked during pregnancy was more than four times greater than the number of women with a college education who did so (43 percent compared with 11 percent).

Educational level was also related to the likelihood of quitting smoking during pregnancy. By 1980, those women with the highest educational level were three times less likely to have smoked before becoming pregnant than those women with the lowest educational level and, if they smoked before becoming pregnant, they were also three times more likely to quit smoking during pregnancy.

As illustrated by the NNS data, although smoking prevalence declined overall among pregnant women between 1967 and 1980, the decreases were notably smaller among those women who were less than 20 years old and less educated than their counterparts.

Williamson et al. pooled data from the 1985-1986 BRFS conducted in several states (not including Michigan) to measure smoking among pregnant women. Results indicated that, at the time of the surveys, the prevalence of smoking among pregnant women was 9 percentage points lower than the prevalence among non-pregnant women, and that 80 percent of that difference could be attributed to quitting smoking during pregnancy.

Women who continued to smoke during pregnancy consumed considerably fewer cigarettes per day than their non-pregnant counterparts, according to the Williamson study. Pregnant women who were older than 35 years of age were more likely to smoke than were their younger counterparts, and pregnant women who were not married were more likely to smoke than were married pregnant women. This last observation was especially true for White women in the Williamson study.19

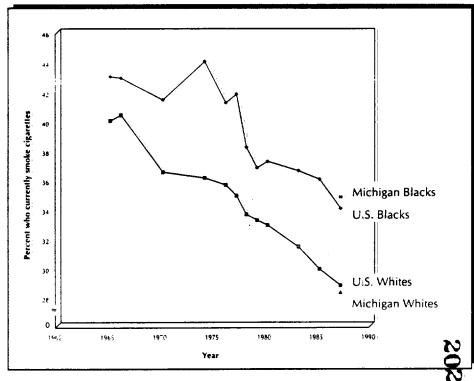
The 1985 NHIS included questions on smoking for women between the ages of 18 and 44 years old who had given birth within the previous five years. These data support other studies on the national level that suggest that women who are young, who have a relatively low income, who are unemployed, or who are unmarried are the most likely to continue smoking during pregnancy and the least likely to reduce their cigarette consumption while pregnant.20

Racial and Ethnic Groups

Although national data indicate that the gap between mortality rates for minority and White populations seems to be widening for a number of causes of death, ²¹ little information is available on the smoking behaviors of the various racial and ethnic minority groups in Michigan. This is particularly unfortunate because nearly one in five Michigan residents belongs to a minority group. Furthermore, many of the tobacco industry's marketing practices specifically target minority communities.²²

The discussion that follows is based primarily upon U.S. data. However, the Michigan data that are available for Whites and, to a limited degree, for Blacks, suggest that Michigan is not too different from the nation as a whole.

Figure 7. Cigarette Smoking Prevalence, by Race, Among Michigan Adults (Aged 18 Years and Older) and U.S. Adults (Aged 20 Years and Older), 1965-1987



* For detailed information, see Appendix A, Tables 9 and 10. Sources: NHIS²³; BRFS²⁴

Chapter 2

Blacks comprise 14.8 percent of Michigan's population. Data on smoking prevalence among Blacks in Michigan and the United States are shown in Figure 7. National data for 1965 through 1987 show a higher smoking prevalence rate for Blacks than for Whites in the United States for each survey year.

As Figure 7 indicates, both Blacks and Whites showed a decrease in smoking prevalence on the national level between 1965 and 1987. However, the pattern of decrease for each group was quite different. For Whites, the decline in smoking prevalence was consistent; for Blacks, little change occurred in the smoking prevalence rate between 1965 and 1977, but a more dramatic decrease (one comparable to Whites) was noted after that time.²⁵

Although the race-specific rates that were calculated from Michigan BRFS data must be viewed cautiously due to the small number of Blacks included in the sample, the data do suggest that 1987 smoking prevalence rates for Blacks and Whites in Michigan were comparable to estimated 1987 national smoking prevalence rates for those two groups. The smoking prevalence rate for Blacks in 1987 was approximately 34 percent, while the White rate was roughly 28 percent.

Comparing smoking quit ratios between Blacks and Whites on the national level reveals many of the same patterns seen for prevalence statistics. As can be seen in Figure 8, national smoking quit ratios for Blacks have consistently lagged behind those for Whites. The national smoking quit ratio for Blacks fluctuated until 1977, at which time it began a pattern of consistent increases. The national quit ratio for Whites, on the other hand, increased steadily between 1965 and 1987.

The rates of change in both smoking prevalence and smoking quit ratio are significantly different for Black men and Black women. Analyzing these statistics within each gender indicates that the smoking behavior of Black women may be a key factor in maintaining higher smoking rates for the U.S. Black population as a whole.

Although smoking prevalence continues to be higher among Black males than among White males in the United States, the prevalence among Black males is declining at a steeper rate. Black males also have been quitting smoking at an increasingly faster rate than White males during recent years. However, the rates of change in smoking prevalence and in smoking quit ratio are not statistically different for Black females and White females.²⁷ Consequently, the smoking behavior of Black women may be a key factor in maintaining what appear to be high smoking rates among the U.S. Black population as a whole.

Patterns of Tobacco Use 69

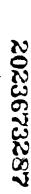
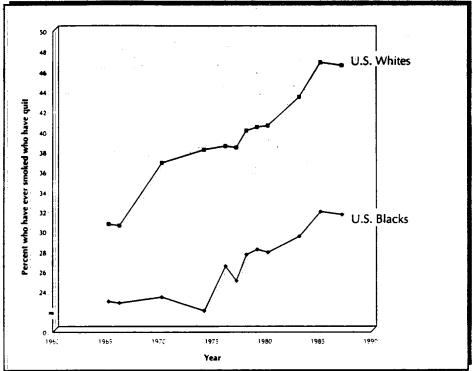


Figure 8. Smoking Quit Ratio, by Race, Among U.S. Adult Cigarette Smokers, Aged 20 Years and Older, 1965-1987



[†] For detailed information, see Appendix A, Table 11. Source: NHIS²⁶

Both national and state data indicate that Blacks are less apt to be heavy smokers than Whites. An analysis of the NHIS data reveals that U.S. Blacks had a much lower proportion of heavy smokers than U.S. Whites during each of the years studied.

Data from the Michigan Blood Pressure Survey and the BRFS indicate that Michigan statistics for heavy smokers mirror national statistics. For example, the 1987 BRFS data indicate that less than 6 percent of Black Michigan smokers smoked 30 cigarettes or more per day, while more than 11 percent of White Michigan smokers were in that category.

At first glance, this would seem to contradict the higher rates of smoking-related mortality found for U.S. Blacks, as compared with U.S. Whites. However, Novotny et al. noted reports that Blacks are more likely than Whites to consume higher-tar, higher-nicotine cigarettes and mentholated brands. They suggest that using cigarettes that combine these product

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characteristics encourages deep and prolonged inhalation, which may be one factor contributing to the higher rate of some smoking-related diseases among Blacks.²⁸

Blacks also may show a higher smoking-attributable mortality than Whites because the Black population has a higher proportion of smokers and also has reduced access to early medical intervention, compared with the White population.

Hispanics comprise 2.0 percent of the Michigan population. Unfortunately, information regarding the smoking patterns of Michigan's Hispanics is not available. However, national data can suggest the smoking patterns that might be expected among Michigan Hispanics.

The most complete information on smoking behavior among the U.S. Hispanic population comes from the Hispanic Health and Nutrition Examination Survey (HHANES), which was conducted between 1982 and 1984. This survey, which included a household interview and a medical examination, sampled Puerto Rican-Americans, Cuban-Americans, and Mexican-Americans from geographic areas of the United States in which these groups were highly represented. Table 4 displays U.S. Hispanic smoking prevalence rates calculated from these data.

Table 4. Smoking Prevalence, by Gender, Among U.S. Hispanic Adults, Aged 20 Years to 74 Years, 1982-1984

	Mexican- Americans	Cuban- Americans	Puerto Rican- Americans
Males	43%	42%	40%
Females	24:	24	30

Source: HHANES29

The HHANES data indicate that smoking prevalence rates were higher for Hispanic men than for non-Hispanic men in the United States during the years studied. Smoking prevalence for Hispanic men ranged between 40 percent and 43 percent for the period between 1982 and 1984, while the overall national male rate was 35.5 percent in 1983.

71

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Patterns of Tobacco Use

On the other hand, smoking prevalence rates for Mexican-American women and Cuban-American women were lower than for women in the general U.S. population during that time. Smoking prevalence for these two groups of Hispanic women was 24 percent between 1982 and 1984, while smoking prevalence for U.S. women overall was 28.7 percent in 1983; smoking prevalence among Puerto Rican-American women was 30 percent during that time period.

Escobedo et al. used smoking histories from the HHANES to compare cigarette smoking behaviors among successive 10-year birth cohorts in the U.S. Hispanic population. They concluded that members of the U.S. Hispanic population quit smoking at rates that were lower and slower to change than those for the general U.S. population.

In addition, these authors observed that the Mexican-American male cohorts were the only group in the study to show a marked decrease in cigarette smoking prevalence. The Cuban-American and Puerto Rican-American male cohorts showed a slight decrease in cigarette smoking prevalence, while the Cuban-American and Puerto Rican-American female cohorts actually experienced marked increases in smoking prevalence. The cigarette smoking prevalence among the successive cohorts of Mexican-American women changed little.³⁰

Persons with Low Educational Levels

One factor that seems to be linked to higher smoking prevalence across most population groups is low educational level. Figure 9 displays smoking prevalence rates for U.S. adults by educational level.

The NHIS data clearly indicate an inverse relationship between smoking prevalence and educational level. For persons with less than a high school diploma, smoking prevalence remained nearly unchanged from 1966 through 1987, hovering near 35 percent. But, during that same time period, smoking prevalence rates for college graduates declined by more than 51 percent (17.4 percentage points), falling from 33.7 percent in 1966 to an estimated 16.3 percent in 1987.

A study by Farrell and Fuchs indicated that such differences in smoking prevalence were detectable among people even before they had completed their educations. Adolescents who planned to go on to further education smoked less than those who did not.³²

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Chapter 2

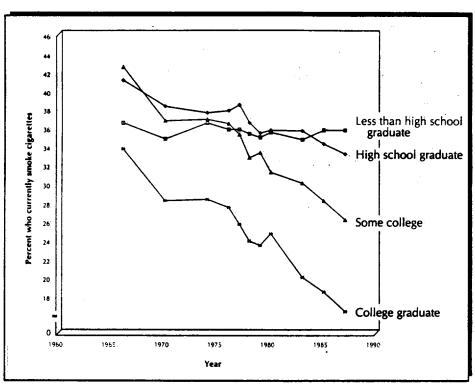


Figure 9. Smoking Prevalence, by Educational Level, Among U.S. Adults, Aged 20 Years and Older, 1966-1987

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Michigan BRFS smoking prevalence rates by educational level generally reflect the same inverse pattern as the national data. (See Figure 10.)

Smoking prevalence among college graduates in Michigan appeared to fall about 15 percent (3.3 percentage points) between 1982 and 1987, while smoking prevalence among Michigan residents with less than a high school education appeared to fall only 4 percent (1.6 percentage points) during that time. By 1987, smoking prevalence among Michigan residents with less than a high school diploma was nearly twice as high as smoking prevalence among Michigan residents who had graduated from college. This inverse relationship between educational attainment and smoking prevalence is supported by data from the 1983-1984 Michigan Blood Pressure Survey.

Patterns of Tobacco Use 73

[†] For detailed information, see Appendix A, Table 12. Source: NHIS³¹

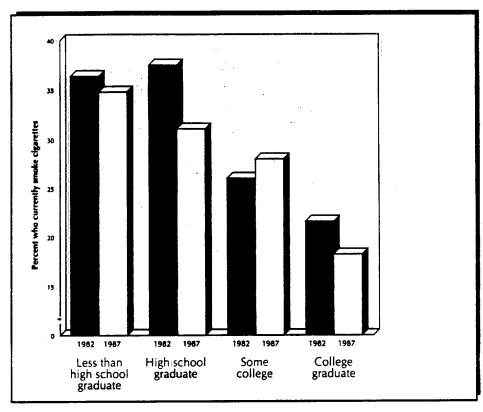


Figure 10. Cigarette Smoking Prevalence, by Educational Level, Among Michigan Adults, Aged 18 Years and Older, 1982 and 1987

Source: BRFS³³

The quit ratio among smokers in the United States as arranged by educational level is detailed in Figure 11. While the smoking quit ratio has gone up for persons at all educational levels in the United States since 1964, those smokers with the most education have experienced the greatest increase in quit ratio, while those with the least education have experienced the smallest increase in quit ratio.

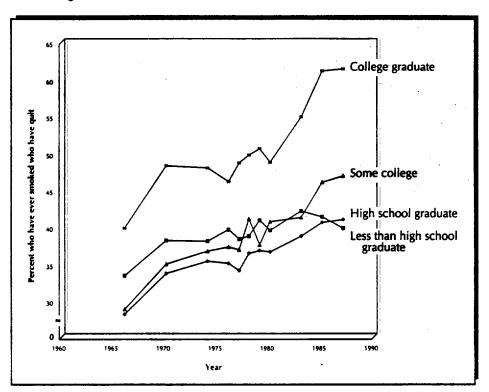


Figure 11. Smoking Quit Ratio, by Educational Level, Among Adult U.S. Cigarette Smokers, Aged 20 Years and Older, 1966-1987

Smoking quit ratios for Michigan cigarette smokers, arranged by educational level, are presented in Figure 12. The quit ratio for college graduates is notably higher than the quit ratio for those persons with less than a high school education. Generally, quit ratios increased at all educational levels between 1982 and 1987 for Michigan residents. The one exception is for persons in the category of "some college education," which showed a slight decrease in quit ratio (due in large part to an apparent increase in smoking prevalence). However, because of the relatively small number of persons sampled in this subgroup, this apparent deviation from the general trend must be viewed with caution.

[†] For detailed information, see Appendix A, Table 13. Source: NHIS³⁴

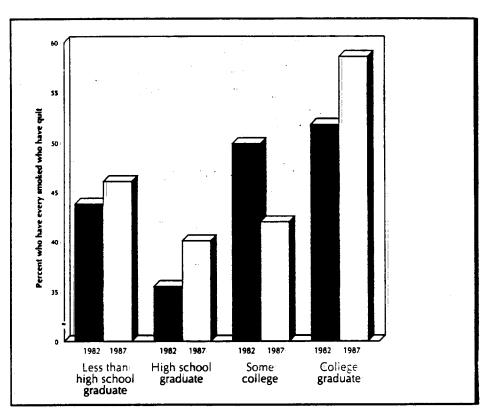


Figure 12. Smoking Quit Ratio, by Educational Level, Among Michigan Adults, Aged 18 Years and Older, 1982 and 1987

Source: Michigan Department of Public Health³⁵

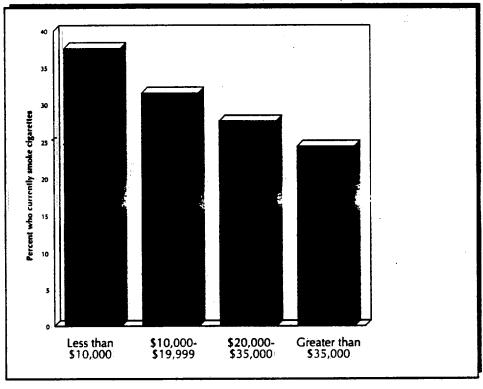
Persons with Low Income

Surveys show that low income is correlated with higher-than-average smoking prevalence. Figure 13 illustrates smoking prevalence by income level for Michigan residents in 1987.

The data in Figure 13 indicate that there is an inverse relationship between smoking prevalence and income level. During 1987, persons in Michigan with annual incomes of less than \$10,000 had a smoking prevalence rate that was more than 50 percent higher (13.3 percentage points) than the smoking prevalence rate of persons with annual incomes of more than \$35,000.

Novotny et al. recognized a similar trend on the national level among those persons with low incomes. Their study of the socioeconomic factors related to smoking indicated a weighted smoking prevalence* of 32.8 percent for persons above the poverty level, while the prevalence for those below the poverty level was calculated at 45.2 percent. This represents a relative difference of nearly 40 percent (12.4 percentage points) in prevalence between these two groups.³⁷

Figure 13. Cigarette Smoking Prevalence, by Income Level, Among Michigan Adults, Aged 18 Years and Older, 1987

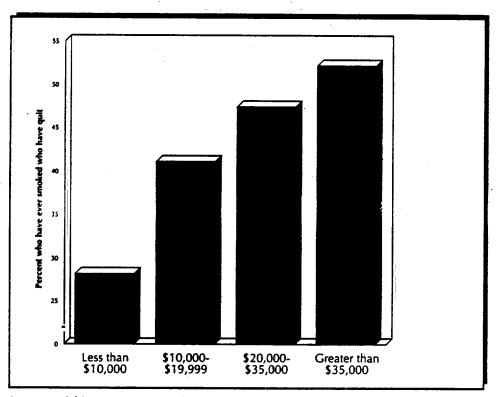


Source: BRFS³⁶

[•] The sample used in this study was poststratified by age, gender, and racial distribution of the U.S. population for the survey year, and then weighted by the individual probability of selection.

A relationship can also be noted for income level and smoking quit ratio. Among Michigan residents, those smokers with the least amount of income also are the least likely to quit smoking. (See Table 14.) During 1987, the quit ratio for Michigan smokers with annual incomes of more than \$35,000 was approximately 52 percent, in contrast to the quit ratio of less than 29 percent for persons with annual incomes of less than \$10,000.

Figure 14. Smoking Quit Ratio, by Income Level, Among Michigan Adult Smokers, Aged 18 Years and Older, 1987



Source: Michigan Department of Public Health38

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Children and Adolescents

Over time, smoking prevalence rates change based upon the number of current smokers who quit or die, and the number of persons who start the habit. Since most new smokers have established their tobacco habits by the age of 20 years old,³⁹ this latter factor (called smoking initiation) generally refers to the smoking behavior of children and adolescents. Consequently, data on the smoking patterns of young persons must be considered when determining what efforts are needed to reduce smoking prevalence in Michigan.

In the absence of complete information on the smoking behavior of persons younger than 18 years old, three measures can be used to gauge smoking initiation: smoking prevalence among adolescents; smoking prevalence among persons aged 20 to 24 years old; and statistics on the age of smoking initiation.⁴⁰

While survey data on smoking prevalence among adolescents would seem to be the most direct means of measuring smoking initiation, these surveys often are difficult to interpret because of differences in the definitions of some terms (such as "regular" or "experimental" smoker) and other methodological considerations. In addition, these surveys often do not include a representative sample of adolescents. For example, school-based surveys do not include high school drop-outs, a group that is thought to have a higher-than-average smoking prevalence.

Unfortunately, Michigan survey data for adolescents were not available at the time this report was written.* Therefore, national data were used as the best current source of information when estimating smoking prevalence among Michigan adolescents.

Data from the National Institute of Drug Abuse (NIDA) High School Seniors Surveys, which have been used since 1975 to collect information about smoking among students, are presented in Figure 15.

[•] According to the Michigan Department of Education, some Michigan-specific data from a small sample of Michigan high school students will be available by the end of 1990.

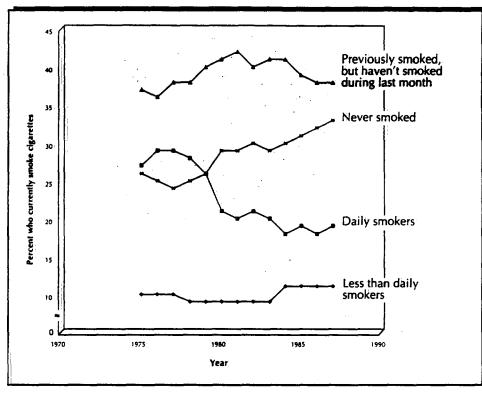


Figure 15. Cigarette Smoking Prevalence Among U.S. High School Seniors by Level of Use, 1975-1987

The data shown in Figure 15 indicate that the proportion of "daily smokers" among U.S. high school seniors fell from 27 percent to 19 percent between 1975 and 1987, a relative decline of 30 percent (8 percentage points). This drop in prevalence of daily smoking was met with a corresponding increase of 27 percent (7 percentage points) in never smokers, a category that rose from 26 percent to 33 percent between those years.

The number of "experimental smokers" among high school seniors (those persons who smoked less than once a day and those who had smoked previously, but not during the last month) remained fairly stable during those years.

Further analysis of the 1987 NIDA survey data (Table 5) shows that gender, race, and educational aspirations are correlated with smoking prevalence rates among U.S. high school seniors. For instance, high school seniors who are female are more likely to be daily smokers than their male

[†] For detailed information, see Appendix A, Table 14. Source: NIDA⁴¹

peers. Likewise, White high school seniors are more likely to smoke cigarettes on a daily basis than are Black high school seniors, and high school seniors who do not plan to go on to further education are more likely to be daily smokers than high school seniors who do plan to attend college.

Table 5. Smoking Prevalence, by Gender, Race, and Plans for Higher Education, Among U.S. High School Seniors, 1987

	Gender		Race		College Plans	
	Male	Female	White	Black	Yes	No
Daily Smokers	16 %	20 %	20 %	8 %	14 %	30 %
Less Than Daily Smokers	11	11:	12	6	11	11:
Previous Smokers, Noti	38	38	38 [:]	41	39	35
Never Smokers	35	31	30	45	37	- 25

Source: NIDA⁴²

Another method of determining the smoking habits of adolescents is to survey the smoking behaviors of persons between the ages of 20 and 24 years old. Such a survey can provide a measure of smoking initiation among adolescents for the years immediately preceding that survey. There are two advantages to such data: 1) A survey sample can be obtained that is representative of the total age-specific population, and 2) because most smoking habits are established before the age of 20, the data are fairly complete. On the other hand, such data do not provide information regarding the age at which these individuals began smoking, nor are they necessarily reflective of current levels of smoking initiation.

Smoking prevalence rates for 18- to 24-year-olds in Michigan can be obtained from the state's BRFS data for 1982 and 1987. During 1982, members of this age group had a smoking prevalence rate of approximately

34 percent; by 1987, their smoking prevalence rate had declined to about 29 percent. These Michigan figures are roughly comparable to the national estimates presented in Figure 16. Breakdowns by gender and educational level have been included because of the effect these variables have on cigarette smoking prevalence.

65 60 55 Percent who currently smoke cigarette 50 Males, high school graduate or less 45 Females, high school 35 graduate or less 25 Males, 20 at least some college 15 Females, at least some college 0

Figure 16. Cigarette Smoking Prevalence, by Gender and Educational Level, Among U.S. Adults, Aged 20 to 24 Years Old, 1965-1987

On the national level, the 1987 smoking prevalence for persons between the ages of 20 and 24 years old was 29.5 percent, representing a decrease of 38 percent (18.3 percentage points) from the 1965 rate. This finding suggests a corresponding national decrease in smoking initiation among adolescents during the mid-1980s.

However, the national data indicate marked differences between women and men in the 20- to 24-year-old age group. Although smoking prevalence dropped among both women and men in this age range between

[†] For detailed information, see Appendix A, Table 15. Source: NHIS⁴³

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1965 and 1987, the drop in prevalence among young women was only onequarter of the drop in prevalence among young men.

Much of the difference between genders is related to educational level. Although prevalence rates dropped noticeably between 1965 and 1985 for young males at all educational levels, the prevalence rate for young females with a high school diploma or less increased by 1.0 percent during that time. This increase among less-educated young women contributed to an inflated overall rate for women relative to men in this age group.⁴⁴

The estimates that have been released from the 1987 survey indicate that there may be a change in this pattern of increase for young females with a high school diploma or less. Nevertheless, this information indicates a need for concern about the smoking habits of female adolescents, especially those with no plans to pursue post-high school education.

The third factor important to a review of smoking patterns is referred to as the *age of smoking initiation*. Adult smokers in the general population have been surveyed regarding the age at which they began smoking. While this method carries the inherent risk of inaccurate data due to poor recall, it does offer the ability to compare age of smoking initiation data for successive birth cohorts, thus helping assess trends in the age of smoking initiation over time. 15

Although Michigan-based information on age of smoking initiation is not available, the 1989 U.S. Surgeon General's report on smoking and health included an analysis of national data on age of smoking initiation. Taken from the 1978, 1979 and 1980 NHISs, these data included age of smoking initiation information reported by successive birth cohorts of U.S. adults. According to the analysis, the age at which U.S. residents begin smoking is getting younger. While only 38 percent of ever smokers born between 1910 and 1914 said they had begun smoking by the age of 18, a full 52 percent of ever smokers born between 1950 and 1954 were smoking cigarettes by that age. This decline in the age of smoking initiation was especially noticeable among women.⁴⁶

Information on the ages at which U.S. adolescents typically smoke their first cigarette also can be obtained from the NIDA High School Seniors Surveys. Of the students who had ever smoked, more than one-fourth (25.8 percent) said they had smoked their first cigarette by 6th grade, and more than half (57.3 percent) said they had smoked their first cigarette by the 8th grade. The increase in smoking initiation that occurred between 6th grade and 8th grade in this survey was higher than the increase seen during any other two-year period in junior high and senior high school.

More than 72 percent of those seniors who had ever smoked said they had tried their first cigarette by 9th grade. More than 84 percent of the senior ever smokers said they had tried smoking by 10th grade, and more than 94 percent said they had tried cigarettes by 11th grade.

Further analysis of the data shows that males were likely to begin smoking at a younger age than females and, to a smaller degree, White students were likely to begin smoking at a younger age than Black students. Plans for further education did not factor significantly into age of smoking initiation in this adolescent survey.⁴⁷

This apparent decline in the age at which young persons are trying their first cigarette has important health implications, since many of these experimenters are becoming regular smokers at increasingly younger ages. Studies have shown that persons who begin smoking at a young age are at higher risk for smoking-related diseases as adults.

How Changes in Cigarettes Affect Consumption

Among the many factors that may have affected smoking patterns during the past 25 years are modifications in the types of cigarettes available on the market. During that time, U.S. consumers have seen changes in cigarette filter tips, tar and nicotine levels, and cigarette lengths, as well as the addition of menthol.

Filter tips represent one of the primary ways in which cigarettes have changed during the last few decades. According to Federal Trade Commission data, 58 percent of the cigarettes sold in this country during 1963 had filter tips: by 1986, fully 94 percent of the cigarettes sold here had built-in filter tips. 48 Because filters remove at least some of the harmful constituents of tobacco smoke, 49 these filtered cigarettes may be perceived by smokers as being "safer", therefore making smokers less motivated to reduce their smoking, or to quit smoking altogether.

Likewise, smokers may feel safer with lower-tar, lower-nicotine cigarettes and therefore be less likely to reduce their smoking habits. In actuality, it has been suggested that people who smoke lower-tar, lower-nicotine brands may increase the number of cigarettes they smoke, deepen the volume of smoke taken in during inhalations, or alter their method of "puffing" to satisfy their physical and psychological dependence on nicotine.⁵⁰

The U.S. market share of cigarettes yielding 15 mg or less of tar increased from 2 percent in 1967 to 56 percent in 1981 (a rise of 270 percent)

2023673301 Chapter 2

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Since then, "low tar" cigarettes have accounted for approximately half of the cigarettes sold in the United States each year. ⁵¹ According to the 1986 Adult Use of Tobacco Surveys (AUTS)*, cigarettes yielding less than 15 mg of tar are more likely to be smoked by women, Whites, and persons with at least some college education. ⁵²

Cigarette length is another factor that has changed appreciably during recent years. While longer cigarettes (i.e., those measuring 94 mm to 101 mm) accounted for only 9 percent of the U.S. market in 1967, their market share had increased to 37 percent by 1986 (representing a rise of 311 percent).⁵³ It has been suggested that smokers may change the number of cigarettes or the manner in which they smoke to compensate for the length of cigarettes they are smoking.⁵⁴

Mentholated cigarettes also are more popular among U.S. smokers today than they were in the past. The domestic market share of mentholated cigarettes increased from 16 percent to 28 percent between 1963 and 1976 (a jump of 75 percent), and it remains at this level today. According to the 1986 AUTS, Blacks are three times more likely than Whites to smoke mentholated cigarettes. It is not clear how mentholated cigarettes affect to-bacco consumption or cessation.

Non-Cigarette Tobacco Products

Smokeless Tobacco

There are two basic types of smokeless tobacco products: snuff and chewing tobacco.

Most common to American consumers is moist snuff, which is a fine-cut tobacco that is usually packaged in small round tins. Brands of moist snuff differ by cut, texture. flavor, and scent. To use this type of tobacco, individuals take a "pinch" of moist snuff between their thumb and forefinger and place it between their lower lip and gum. Dry snuff, which is consumed nasally, is seldom used in the United States.

^{*} The U.S. Department of Health and Human Services' Office on Smoking and Health conducted Adult Use of Tobacco Surveys during 1964, 1966, 1970, 1975, and 1986. These surveys were representative samples of the tobacco-related knowledge, attitudes and practices of the U.S. adult population.

The other common form of smokeless tobacco is chewing tobacco. The chewing tobacco consumed in the United States is generally packaged in pouches and sold as plug tobacco, twist tobacco, or loose-leaf tobacco. It is commonly used as a lump of tobacco—called a "chew" or a "quid"—which is chewed and then held inside the cheek for the flavor of the juices. 57

Consumption of smokeless tobacco was on the decline during the early 1960s. However, the removal of the federal excise tax on smokeless tobacco products in 1965, coupled with the restrictions placed on cigarette advertising during subsequent years, led tobacco companies to begin to heavily promote the use of smokeless tobacco products as an alternative to cigarette smoking. As a result, U.S. sales of moist snuff rose 55 percent between 1978 and 1984, and chewing tobacco sales increased 7 percent during those years. ⁵⁸

According to data gathered from the 1987 BRFS, 3 percent of the Michigan adult population used smokeless tobacco products in 1987. The data in Table 6 show what appear to be higher prevalences of smokeless tobacco use among males, Whites, less educated persons, and younger adults in Michigan. However, the small number of survey respondents who said they used smokeless tobacco means that these data should be interpreted with caution.

National prevalence statistics for smokeless tobacco use can be gleaned from the 1986 Adult Use of Tobacco Survey. These figures are not directly comparable to the Michigan BRFS statistics because of the larger sample size of the AUTS and the fact that this survey used only data from men in calculating the prevalence of use. (The Michigan survey used data from both men and women, a fact that would tend to lower the percentages in each demographic category.)

Nevertheless, like the Michigan data for 1987, the 1986 AUTS data shown in Table 7 indicate that men who are young, White, and less educated than their peers are the most likely to use smokeless tobacco products. More than 10 percent of the U.S. males surveyed in the 1986 AUTS had tried smokeless tobacco. 60

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Table 6. Prevalence of Smokeless Tobacco Use in Michigan by Demographic Category, Adults Aged 18 Years and Older, 1987

Demographic Category	Current Use of Smokeless Tobacc
Total Population	3.0%
Age Range:	
18-24 years old	4.6%
25-34 years old	2.6
35-44 years old	2.0
45-54 years old	4.0
55-64 years old	0.9
65 years old or older	2.8
Gender:	
Male	5.8%
Female	0.1
Race:	
White	. 3.1%
Black	2.3
Educational Level:	
Less than high school graduate	4.8%
High school graduate	2.1
Some college	3.9
College graduate	1.6

Source: BRFS⁵⁹

The 1989 Surgeon General's report compared national smokeless tobacco data from the 1986 AUTS with data from the 1970 NHIS. According to that analysis, U.S. males between 17 years of age and 19 years of age showed a 15-times increase in their use of snuff and a four-times increase in their use of chewing tobacco between 1970 and 1986. While it must be noted that there are differences in methodology between the two surveys, it is unlikely that those differences could account for this sharp increase in smokeless tobacco prevalence rates among U.S. teenage males. 62

Table 7. Prevalence of Smokeless Tobacco Use in the United States by Demographic Categories, Current Users, Males Aged 17 Years and Older, 1986

Demographic Category	Current Use of Smokeless Tobacco
Age Range:	
17-19 years old	8.2%
20-29 years old	5.9
30-39 years old	·· 4.1
40-49 years old	5.0
50 years old or older	4.8
Race:	•
White	5.6%
Black	3.0
Other	2.9
Educational Level:	
Less than high school graduate	7.3%
High school graduate	5.6 -
Some college	3.8
College graduate	0. 9 :

Source: AUTS⁶¹

Additional information on the use of smokeless tobacco can be found in a Boyd and associates study of data collected from more than 43,000 U.S. and Canadian students between 1983 and 1985.* According to their findings, older students were more apt to use smokeless tobacco products than younger students, and male students were more apt than female students to use smokeless tobacco.

Overall, 40 percent to 60 percent of the boys in the surveys said they had tried smokeless tobacco products. In most of the schools surveyed, 10 percent to 20 percent of the older male students said they had used smokeless tobacco during the last seven days.

^{*} The surveys were conducted in 17 schools participating in a National Cancer Institute evaluation of educational programs to prevent tobacco use among children and adolescents. In 12 of these schools, breath or saliva tests were used to verify the students' self-reports of tobacco use.

But, the students' use of smokeless tobacco products varied greatly by grade and by demographic location. For instance, 6.7 percent of 6th-grade boys in New York City said they had tried smokeless tobacco products, while 68.2 percent of 6th-grade boys in rural Montana said they had done so. Likewise, the number of 11th-grade boys reporting that they had tried smokeless tobacco products ranged from 26.0 percent in a suburban/rural Ontario school to 77.5 percent in a suburban/rural Oregon school system.

In every school and in every grade surveyed, at least twice as many boys as girls said they had tried smokeless tobacco. One exception to this gender division was found among the Native American youths surveyed; among this group, the girls' rate of smokeless tobacco use sometimes approached the boys' rate.

Boyd's findings indicated that smokeless tobacco use was very low among Black and Asian edolescents. Although prevalence of smokeless tobacco use was slightly eigher for Hispanic adolescents than for Black and Asian adolescents, it still was lower than for White adolescents.⁶³

Cigars and Pipes

Recent years have seen a decline in the popularity of cigar and pipe smoking in the United States, habits practiced almost exclusively by men. AUTS data indicate that the prevalence of both cigar and pipe smoking fell by 80 percent among U.S. men from 1964 to 1986. The proportion of men smoking cigars dropped from 29.7 percent to 6.2 percent during that period, while the proportion of men smoking pipes dropped from 18.7 percent to 3.8 percent.⁶⁴ The 1986 AUTS data on the use of these products are detailed in Table 8.

As can be seen, prevalence of cigar and pipe use increases with age (through 65 years of age), with the highest proportion of users being between 45 and 64 years old. Cigar smokers and pipe smokers are more likely to be White than Black, and also are more apt to be either college graduates or persons with less than a high school education.

Table 8. Prevalence of Cigar/Pipe Smoking in the United States by Demographic Categories, Current Users, 1986

Demographic Category	Current Use of Cigars or Pipe	
Total Population	4.3%	
Gender:	* .	
Male	3.7%	
Female	0.3	
Age Range:		
17-19 years old	1.5%	
20-24 years old	2.0	
25-44 years old	4.4	
45-64 years old	5.9	
65 years old or older	3.9	
Race:		
White	4.4%	
Black	3.7	
Educational Level:		
Less than high school graduate	4.9%	
High school graduate	3.6	
Some college	3.9	
College graduate	5.3	

Source: AUTS⁶⁵

Smoking Prevalence in the Year 2000

The size of the task of cutting tobacco use among Michigan residents in half by the Year 2000 can be more clearly defined by predicting where prevalence would be at that time without extra intervention or effort.

Pierce et al. used a linear model to predict smoking prevalence in the Year 2000. Assuming no extra interventions, their model indicates that smoking prevalence among the overall U.S. population would fall to 22 percent. This would translate into a 20-percent smoking prevalence for men and a 23-percent prevalence for women. In addition, 25 percent of Blacks would smoke, compared with 21 percent of Whites.

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Chapter 2

According to this model, the inverse relationship between educational level and smoking prevalence that has been seen in recent years would continue. Thus, by the Year 2000, persons with less than a high school education would have a smoking prevalence of 31 percent, persons who are high school graduates would have a smoking prevalence of 30 percent, and persons with at least some college education would have a smoking prevalence of 16 percent.*

Pierce et al. note that their model cannot be used to predict smoking prevalence for those persons who have earned at least a bachelor's degree. But, other models predict that the rate of decline currently seen in this group's smoking prevalence will begin to slow before the Year 2000.66

A projection specific to the Michigan population, also based upon a linear model, estimates that 21.7 percent of Michigan adults would be smokers in the Year 2000.⁶⁷ This proportion is virtually the same as the national projection of 22 percent calculated by Pierce and his associates. Thus, these projections indicate that significantly increased efforts are needed to meet the goal of 15 percent tobacco use prevalence in Michigan by the Year 2000.

^{*}Two demographic factors could drive these smoking prevalence figures below Pierce's predicted values: a declining proportion of persons in the population at the usual age of smoking initiation; and an increasing proportion of persons in the age range where cessation usually occurs.

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Chapter 2

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CONTENTS

Chapter Highlights	103	
Social Factors that Encourage Tobacco Use	104	
Tobacco Industry Advertising and Promotion Tobacco Industry Influence on Public Policy Social Acceptance of Tobacco Use	-	
Social Factors that Discourage Tobacco Use	108	

Public Information and Education Programs and Services Regulation to Influence Tobacco Use Financial Policies to Discourage Tobacco Use Undoubtedly, the strongest influence on continued use of tobacco products is physical addiction. Nicotine in tobacco is known to create a physiological need for continuing use of these substances, making it very difficult for the tobacco user to quit the habit.¹

However, environmental factors also influence an individual's decision to use or avoid tobacco products. This chapter will explore the social factors that encourage tobacco use, as well as the social factors that encourage tobacco users to quit or that support non-users in avoiding the habit.

Chapter Highlights:

- Social factors play an important role in influencing an individual's decision to use, or not use, tobacco products.
- The advertising and promotion of tobacco products encourage the use of tobacco, especially among children and adolescents.
- The considerable political strength of the tobacco industry is used to promote public policies that encourage tobacco use, as well as to obstruct public policies that would discourage tobacco use.
- Current social standards condone the use of tobacco products, but this fact is beginning to change.
- Public information about the health hazards of tobacco use can influence individual decisions to avoid tobacco use. It also can help decrease social acceptance of tobacco use.
- The availability of prevention and cessation programs and services helps support those persons who are concerned about tobacco use to avoid, or quit, tobacco habits.
- The most direct way to influence tobacco use is through the regulation of smoking practices.
- Financial policies can be used to discourage persons from starting or continuing tobacco habits.

Social Factors that Encourage Tobacco Use

Tobacco Industry Advertising and Promotion

One of the leading factors that encourages the use of tobacco products is the unparalleled advertising and promotional campaigns of the tobacco marketers. In 1986, tobacco companies spent more than \$2.3 billion in an effort to sell their products to the American people.² These massive efforts are necessary because manufacturers of tobacco products lose almost two million customers each year when tobacco users quit or die.³ In spite of the tobacco industry's claims that advertisements and promotions are intended only as a means to increase brand share, not to recruit new smokers, marketing experts agree that these efforts are an important component of the drive to bring new people into the market, and therefore maintain sales levels.⁴

Given that 90 percent of new smokers take up the habit before the age of 20, much of this marketing necessarily is targeted toward young people.⁵ Other market analyses have shown that the industry also targets minorities, women, and blue collar workers in an effort to maintain sales.^{6.7}

Cigarettes are known to be the most heavily advertised product in the United States. Cigarette advertising has been banned from television and radio since 1971, and smokeless tobacco advertisements have been banned from these media since 1986. However, the tobacco industry dominates advertising in the print media. Reports indicate that tobacco companies as a whole were the largest outdoor (billboard) advertiser during 1985. In fact, six of the seven largest outdoor advertisers that year were cigarette companies. The tobacco industry also was the second largest magazine advertiser and the third largest newspaper advertiser during 1985.

Not only are tobacco advertisements prolific, they also are effective. The strong influence of these advertisements can be traced to the appealing images they project. Most tobacco advertisements portray images of sexy, healthy, attractive, and socially successful individuals. The industry's advertisements tie these attributes to the use of tobacco, with little suggestion of the health dangers that also accompany the use of these products.

Children and adolescents are particularly susceptible to these glorified images. Developmentally, their need for self-esteem and acceptance by their peers leaves them vulnerable to the implied promises of these misleading images. The industry's attractive advertising images, in combination with peer pressure, strongly encourage youth to use cigarettes and other tobacco products.¹⁰

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The influence of advertising on tobacco use also can be felt in other, less direct, ways. Some analysts note that magazines and newspapers receive significant revenues from running advertisements for tobacco products or for the many other products produced by the conglomerates owned by the tobacco industry. This dependence upon tobacco advertisers for income may discourage these news sources from fully discussing the health implications of tobacco use.¹¹ In *Selling Smoke*, Warner presents both quantitative and anecdotal evidence to support this theory.¹²

In addition to these more traditional forms of marketing, the tobacco companies recently have turned more of their attention—and dollars—to promotional activities. Today, approximately 60 percent of the industry's marketing expenditures are for promotional activities.¹³

Some of these strategies, such as the distribution of free samples, actually place the tobacco products in the hands of the users or potential users. This is important to note, because studies have shown that free samples are the most effective means of getting consumers to try a new product.¹⁴ Tobacco industry representatives have given away free samples of tobacco products at rock concerts, near schools, and in other places frequented by young people, many of whom will become the tobacco users of the future.¹⁵

Other promotional activities are designed to favorably link the product name with events, activities, or products. These may include corporate or brand name tobacco sponsorships of sporting events, cultural activities, or community programs, inclusion of brand name tobacco products in movies and television programs, and offers for discounted items, such as hats or shirts, that bear the brand name of a tobacco product.¹⁶

Many of these programs are designed to create a benevolent public image for the American tobacco industry. A clear example is the tobacco industry's support of community fire departments and fire safety programs. Some authors have noted the public relations value inherent in such support, since cigarette-ignited fires are the leading cause of fire fatalities in this country. In this instance, as in others, creating a favorable image for the tobacco industry can help erase public perception of the links between tobacco products and death and disease. In

Many of the marketing strategies used by the tobacco companies do not differ significantly from the ways in which other products are sold. However, one significant factor sets tobacco products apart from the other consumer goods: Tobacco is the only product legally sold in the United States that, *when used properly*, causes death. Unlike other potentially dangerous products, such as alcohol, no safe level of tobacco use has been

identified. Consequently, the influence of tobacco marketing, which serves to encourage the continuation or initiation of tobacco habits, has dangerous health consequences for society.

Tobacco Industry Influence on Public Policy

The tobacco companies are able to encourage the use of their products by influencing tobacco-related public policy. Substantial political and policy advantages have been gained for the industry by what is known as the "tobacco lobby".

As defined in the 1989 U.S. Surgeon General's report on smoking and health, the term "tobacco lobby" refers to "manufacturers and other firms involved in manufacturing, marketing and sales of cigarettes; the Tobacco Institute, the trade association representing the cigarette manufacturers; tobacco farmers and those commercial firms involved in the trading of unmanufactured tobacco; and registered lobbyists representing these interests." The strength of the tobacco lobby is directly related to the political influence of legislators from the Southern tobacco-producing states. 20

Federal Influence

On the federal level, there are many ways in which public policy is used to encourage the use of tobacco products, either directly or indirectly. For instance, tobacco products have escaped all federal regulations designed to control consumer products for health and safety reasons. These regulations apply to many other products that are known to be less harmful than tobacco products.²¹ If tobacco products were included in such regulations, there would undoubtedly be severe restrictions on the use, sale, and promotion of tobacco products in this country.

Another example of the role of the tobacco interests in public policy-making can be seen in the establishment of the federal prohibition on state regulation of advertising. The tobacco industry received this concession in exchange for agreeing to the Public Health Cigarette Smoking Act of 1969, which banned television and radio advertising of cigarettes. In actuality, the industry was willing to give up such advertising voluntarily, in order to end the free broadcast time for anti-smoking messages being donated by broadcasters through the application of the Fairness Doctrine to cigarette advertising. By striking a deal that does not allow states or localities to regulate tobacco advertising, the industry has ensured that any regulations in this area will come at the federal level, where the tobacco lobby is especially effective.

Michigan Influence

Similar examples of how the tobacco industry's power has influenced tobacco-related public policy can be seen on the state level. In Michigan, the tobacco lobby was instrumental in defeating a legislative proposal to ban the distribution of free samples of tobacco products. (As has been noted, the distribution of free samples is a common way in which children and adolescents gain access to tobacco products.) When this legislation was introduced by Sen. Jack Faxon in the Michigan legislature in 1988, it was publicly opposed by the tobacco industry.

In another instance, legislation was passed, but not without being significantly affected by the tobacco interests. In 1988, the Michigan legislature passed the Youth Tobacco Act, which amended an early statute prohibiting the sale of tobacco products to minors. While health advocates were successful in requiring vendors to post a sign warning against sale of tobacco to those under 18 years old, they were unsuccessful in putting a health message on the vendor sign and in gaining an increase in the penalty for selling tobacco products to minors, a penalty that has remained unchanged since 1915. In addition, tobacco interests successfully lobbied Michigan legislators to add provisions to the 1988 Youth Tobacco Act that make prosecution of those charged with selling tobacco to minors more difficult. Such losses can be tied directly to the strength of the tobacco lobby in the state.

In attempting to influence policy, the tobacco industry has been successful in promoting its interests by arguing that tobacco-related issues should be placed within the context of economic benefits to society. The industry has asserted that being anti-tobacco is being anti-business, an influential argument in a state like Michigan, which experienced an economic downturn in the early 1980s.

Realistically, tobacco products contribute very little to Michigan's economic health. Tobacco is not grown in this state, nor are tobacco products manufactured here for commercial sale. In fact, Warner points out that decreased spending on tobacco products actually might improve the economies of non-tobacco-growing states, such as Michigan. As this author explains, decreased spending on tobacco could translate into increased spending on other goods and services, some of which might be produced within the state.²³

Industry arguments about its contribution to Michigan's economy also ignore the negative impact of the health care costs and lost productivity that result from tobacco-related disease and death. These are the economic contributions that the tobacco industry rarely, if ever, discusses.

Social Acceptance of Tobacco Use

Unfortunately, despite scientific evidence that shows the dangers associated with the use of tobacco products, social norms that condone, if not encourage, tobacco use still exist. In spite of overwhelming U.S. public opinion that drug abuse is one of the most significant problems facing Americans today, there is a general lack of recognition that tobacco is an addictive product that leads to more death and disease each year than all illicit drugs combined.²⁴ As a result, nicotine stands today as the one socially acceptable drug addiction in this drug-conscious society.

The fact that the use of cigarettes and other forms of tobacco is socially condoned leads to peer pressure encouraging the use of these products. In fact, studies suggest that the best predictor of children's and adolescents' experimentation with cigarettes is whether their friends smoke. ^{25,26}

Studies also indicate that whether or not youth begin to smoke is dependent to some extent upon whether their families accept smoking behaviors. Parents and siblings who smoke can serve as role models for the behavior, and children who have family members who smoke are more likely to begin smoking themselves. One study suggests that maternal smoking is positively correlated with smoking experimentation, while paternal smoking contributes to continuation of smoking behaviors. Other authors state that some family characteristics, such as lack of children's involvement in family decision-making, also are correlated with smoking behavior in children. Other

Social Factors that Discourage Tobacco Use

During the last 25 years, concern regarding the health dangers of tobacco products has grown significantly. This concern has inspired actions aimed at counteracting the influence of tobacco advertising, the pro-tobacco lobbyists, and social norms condoning tobacco use. As a result, many social factors have begun to discourage the use of tobacco products.

Public Information and Education

Public information strategies can help deter potential tobacco users and encourage current tobacco users to quit. The goals of such strategies are to

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Chapter 3

change the social norm that defines tobacco use as an acceptable activity, and to inform the public regarding the dangerous health consequences of using tobacco products.

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Both children and adults can be influenced by antitobacco messages in the media, whether they are in the form of public service announcements or advertisements sponsored by the major voluntary health associations and public health departments. They also can be influenced by community-based or statewide antitobacco promotional events designed to generate public interest and attention. Whatever the form, such messages offer the advantage of reaching those young people who are no longer in the educational system, as well as high-risk population groups that are known to have a high prevalence of tobacco use.

Examples of such activities abound. Probably the most well-known promotional event is the American Cancer Society's day-long "Great American Smoke-Out", held each November. On this day, current smokers are urged to quit the habit, supported by the knowledge that their cessation efforts are being shared by smokers across the nation. Recently, the American Lung Association proclaimed July 5 as "Non-Dependence Day", a day on which smokers are encouraged to "declare [their] independence from smoking."

In addition to sponsoring such promotional events, the American Lung Association, the American Heart Association, and the American Cancer Society all serve as major sources of information for those persons interested in quitting tobacco use. Each of these groups has affiliates throughout Michigan that provide educational services and materials to state residents.

Associations for health professionals also contribute to the many activities that increase public awareness of the hazards of tobacco use. For example, both the American Medical Association and the American Academy of Family Physicians have developed kits that help their members to be more effective in educating their patients regarding the dangers of tobacco use and in supporting them in their efforts to quit. The American Dental Association has also been active in the antitobacco campaign, producing materials for public distribution on the dangers of smokeless tobacco use and the link between smoking and oral cancer.

One far-reaching effort in antitobacco media information has been undertaken by the Michigan Department of Public Health. In June 1989, the Department launched a statewide broadcast and print media advertising campaign aimed at discouraging pre-teens and women, especially minority women, from smoking. Funding for the campaign is through the Michigan Health Initiative. The pre-teen portion of the campaign uses the theme

"Smoking Stinks" to encourage the view that cigarette smoking is unattractive. Figure 1 illustrates a poster derived from one of the campaign's television advertisements geared toward the pre-teen audience.

Figure 1. "Smoking Stinks" Poster Aimed at Pre-Teens (Part of Antitobacco Media Campaign by the Michigan Department of Public Health, 1989)



2023673323 Chapter 3 In the portion of the campaign directed toward women, the Department's media messages take an empathic approach to encouraging them to break the cigarette habit. Figure 2 illustrates a print media message from this portion of the campaign that emphasizes the theme, "Don't Quit Quitting". The advertisements include a toll-free "hotline" number that smokers and nonsmokers can call to request printed information on tobacco use and cessation.

Figure 2. "If at First You Don't Succeed, Quit, Quit Again" Print Media Advertisement (Part of Antitobacco Media Campaign by the Michigan Department of Public Health, 1989)



Social Influences on Tobacco Use

Also helping educate the American public about the dangers of tobacco use and the benefits of quitting have been the series of 21 U.S. Surgeon General reports published since 1964 on the health consequences of tobacco use. These reports have included studies of nicotine addiction, smokeless tobacco products, and specific tobacco-related diseases, as well as more generalized tobacco and health-related information. Because they usually have been well-publicized, they have been effective in raising public awareness of the dangers of tobacco use.

Tobacco users also receive ongoing health education messages via the advertising and packaging of tobacco products themselves. The Federal Cigarette Labeling and Advertising Act of 1965 (which became effective in 1966) required that a health warning ("Caution: Cigarette Smoking May be Hazardous to Your Health") be placed on all cigarette packages sold in the United States. Since that time, the requirements for the warnings have been strengthened.

Currently, a set of four rotating health warnings are required on cigarette packages and advertisements. (Outdoor billboard advertisements for cigarettes must carry slightly shorter versions of these same four rotational messages.) A set of three health warnings are required to be rotated on smokeless tobacco packages and advertisements (not including outdoor billboard advertisements).*

Since 1988, Michigan law has required that the same warnings that appear on smokeless tobacco packages must appear on all outdoor bill-board advertisements for smokeless tobacco products located in the state.

Smokeless tobacco packages must rotate the following warnings:

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[•] The rotational health warnings for cigarette packages and advertisements include:

^{1) &}quot;Surgeon General's Warning: Smoking Causes Lung Cancer, Heart Disease, Emphysema, and May Complicate Pregnancy."

^{2): &}quot;Surgeon General's Warning: Quitting Smoking Now Greatly Reduces Serious Risks to Your Health."

^{3):&}quot;Surgeon General's Warning: Smoking by Pregnant Women May Result in Fetal Injury. Premature Birth, and Low Birth Weight."

^{4): &}quot;Surgeon General's Warning: Cigarette Smoke Contains Carbon Monoxide."

^{1) &}quot;Warning: This product may cause mouth cancer."

^{2) &}quot;Warning: This product may cause gum disease and tooth loss."

^{3): &}quot;Warning: This product is not a safe alternative to cigarettes."

In Michigan, community groups are a vehicle for much public consciousness-raising about tobacco issues. At the center of action in many communities are local antitobacco coalitions, some of which are funded by grants from the Michigan Department of Public Health. As of 1989, almost half of all Michigan counties had a community antitobacco coalition. These groups provide information to their communities about the health effects of tobacco as well as education about the potential impact of community policies related to tobacco prevention and cessation.

Activities undertaken by the coalitions are varied and creative:

- Genesee County's Smoke-Free Multi-Agency Resource Team (SMART) has published a newspaper listing of restaurants and workplaces "friendly" to nonsmokers.
- Marquette County's Tobacco or Health Community
 Coalition sponsored the Tobacco Anti-Smoking
 Project ("Project TAP"), which included a contest in
 which middle school students were asked to
 develop 30-second public service announcements
 concerning the dangers of using tobacco. The
 winning entry was produced professionally and
 distributed to area broadcast and cable facilities.
- Marquette's coalition and the Muskegon Area Coalition for a Smoke-free Environment are working with schools to encourage adoption of smoke-free policies.
- In the Detroit area, an organization called CABAAT
 (Coalition Against Billboard Advertising of Alcohol
 and Tobacco) was organized to fight the practice of
 targeting areas with high minority populations for
 location of tobacco and alcohol product billboards.
 Members of the group are raising public awareness
 of the tactics of tobacco marketers. They also are
 working with local policymakers to develop
 regulatory approaches to the problem.
- Coalitions operating under the Northern-Health Foundation are exploring ways to restrict access to tobacco products by minors.

Such activities combine to create an environment of education and awareness that helps discourage potential tobacco users from taking up the habit, and encourage current tobacco users to quit.

Programs and Services

Widespread availability of prevention and cessation programs and services conveys a social message about the unacceptability of tobacco use. The goals of such programs are three-fold: to provide information and support that can help encourage those persons who want to avoid tobacco use; to provide assistance for those persons who want to quit their tobacco habits; and to provide skills for those persons who do quit and want to remain tobacco-free.

Prevention Programs and Services

Usually, primary prevention efforts in tobacco use are mounted through health education programs in the schools. The main health education curriculum for schools in this state is the Michigan Model for Comprehensive School Health Education. The Michigan Model provides consistent and comprehensive health curriculum activities concerning the many aspects of mental and physical health. It also teaches life skills in decision-making. problem-solving, resisting peer pressure, and developing a sense of self-esteem.

Preventing tobacco use is an important component of the Michigan Model. In addition to 16 lessons that deal directly with the dangers of using cigarettes and other tobacco products, the Model includes 20 other lessons that utilize situational examples of tobacco use to teach students decision-making and problem-solving skills. In this way, students not only learn the facts about tobacco and health, but they also learn skills that will enable them to make critical decisions about their own use of tobacco.

By the fall of 1989, the Michigan Model was in place in more than three-quarters of the state's local school districts, covering 981,000 Michigan students. The program was completed for grades kindergarten through eight, and planning was underway to extend the curriculum through the high school grades.

Tobacco education and prevention efforts within the schools also are one of the primary focuses of the major voluntary health agencies in Michigan (the state chapters of the American Lung Association, the American Heart Association, and the American Cancer Society).

These agencies have combined forces to create the "Smoke-Free Class of 2000" program. Launched in August 1988, this ambitious 12-year

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education and awareness campaign involves children who entered first grade in the fall of 1988 and, thus, are expected to graduate from high school in the Year 2000. The campaign is intended to provide antitobacco educational materials designed especially for these children, their parents, and their teachers. The effort also attempts to focus media and community attention on these youngsters as the symbolic ambassadors of a new smokefree generation.

Cessation Programs and Services

Some tobacco users quit on their own, while others use self-help materials specifically developed to aid in this process. A well-known example is the American Cancer Society's "I Quit Kit", a package of information that includes booklets, posters, buttons, a calendar, stickers, and other items intended to help tobacco users progress through the cessation process. Another is "Quitting Times", a self-help manual that has been designed specifically for women with children by the Fox Chase Cancer Center and the Pennsylvania Department of Health.

Other tobacco users find it helpful to take advantage of organized cessation services. Organized services usually are offered at the community level through health care settings (such as hospitals or health maintenance organizations). local public health departments. major voluntary agencies, schools and universities, and private clinics.

Most cessation programs take the form of multiple-session group experiences focusing on behavior modification and emotional support for quitting. Some prominent examples are the American Lung Association's "Freedom from Smoking" program, the American Cancer Society's "Fresh Start" program, and the Seventh Day Adventist Church's "Breathe Free—Better Living Seminars".

On Detroit's east side, a coalition of community groups has organized smoking cessation classes at a neighborhood YMCA and a local church. These services are advertised at locations that reach a broad cross-section of the community's population, such as party stores, dry cleaners, churches, restaurants, and other establishments.

Other cessation approaches include: hypnosis; a twelve-step program-called "Smokers Anonymous" (modeled after the concepts of Alcoholics Anonymous): acupuncture; aversion therapy; and other forms of individual counseling.

As more and more employers and unions recognize the benefits of better health and cleaner workplaces to be gained by reducing the number of employees who smoke, cessation services also are becoming available through many workplaces. Many employers provide such services on-site.

and some permit their employees to participate in such programs during work hours. Other employers reimburse employees, in whole or in part, for the cost of off-site tobacco cessation services.

Through the 1989 Michigan Health Initiative, the Michigan Department of Public Health is administering Worksite Wellness grants to encourage small businesses to provide health promotion activities at their worksites. Grants may be used only for programs that meet criteria developed by the Michigan Department of Public Health. While the Worksite Wellness program is still in its early stages, it is expected that a large percentage of these grants will be used for tobacco cessation programs.

Cessation services also include one-to-one discussions about tobacco use that occur during routine patient visits to health professionals. Physicians, dentists, nurses, and other health professionals can be instrumental in encouraging tobacco users to quit and in supporting those former users who do quit. These professionals come into contact with a great number of potential quitters each year. Because those potential quitters may already be thinking about health matters, they often will heed the advice of these perceived "authority figures" in the health field.

Regardless of the type of cessation service, it must first be visible to the public to be effective in influencing personal decisions regarding tobaccouse. Clearinghouses have been established to disseminate information about these programs.

In Michigan, information on organized cessation services can be obtained toll-free from the Cancer Information Service, operated by the Meyer L. Prentis Comprehensive Cancer Center of Metropolitan Detroit. In April 1989, the Cancer Information Service was able to identify more than 50 classes in the metropolitan Detroit area (including Wayne, Oakland, and Macomb Counties). In addition, the Cancer Information Service can provide callers with information about programs in other areas of the state.

The Michigan Department of Public Health's toll-free "hotline", advertised through the Michigan Health Initiative media campaign, also offers

2023673329

116 Chapter 3

information on cessation services in the state, as do the major voluntary health agencies.*

Regulation to Influence Tobacco Use

The most direct way to influence tobacco use is through laws and policies regulating this behavior. Regulation which exists in Michigan today addresses two areas: the protection of minors and the protection of non-smokers.

Regulation to Protect Minors

In Michigan, selling or furnishing tobacco products to minors has been illegal in one form or another since 1889. Michigan Act 77 of 1889 prohibited the selling, giving or furnishing of tobacco to any minor under 17 years of age, "unless upon the written order of the (minor's) parent or guardian." Violation of the provisions of this Act were punishable by a fine of \$5 to \$50 and/or by a jail term of 10 days to 30 days.

Michigan Act 31 of 1915 revised the premises of the 1889 Act. Under the terms of the 1915 statute, anyone selling, giving, or furnishing cigarettes to persons under 18 years of age faced a fine of up to \$50 or a jail term of up to 30 days for each offense. Minors who used tobacco products could be punished by penalties of no more than \$10 or 5 days in jail.

The recently passed Youth Tobacco Act (Public Act 314 of 1988) did not change the penalties for sales to minors but went a step further by amending these early laws to require that signs be posted at all points of sale for tobacco, warning that tobacco sales to minors and purchases by minors are prohibited. (See Figure 3.) The Youth Tobacco Act also increased the penalties for minors who purchase or otherwise possess or use tobacco products in a public place.

^{*} Toll-free numbers for some of the clearinghouses on tobacco-use are as follows:

Cancer Information Service	1-800-4-CANCER	
Michigan Department		
of Public Health Hotline	1-800-537-5666	
American Lung Association	1-800-678-5864	
American Cancer Society	1-800-227-2345	
American Heart Association	1-800-557-9500	

"THE PURCHASE TOBACCO PRODUCTS BY A MIN R UNDER 18 YEAR AGE AND THE PROVISION OF TOTACCO PRODUCTS TO A MINOR AND PROHIBITED BY LAW. A LINOR UNDER TOBACCO PRODUCTS IS SUFFECT TO CRIMINAL PENALTIES.

Figure 3. Sign Warning Against the Purchase or Use of Tobacco Products by Minors in Michigan.

ADDRESS F.A. 47 V 100

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Regulation to Protect Nonsmokers

The second type of regulation of tobacco use practices is the restriction of smoking in public places. While these actions are based upon the premise of protecting nonsmokers from the health hazards of environmental tobacco smoke, they also may encourage current smokers to quit because of the inconveniences they pose.

The primary example of such a law intended to protect Michigan residents from environmental tobacco smoke is the Michigan Clean Indoor Air Act (MCIAA) (Public Act 198 of 1986), which went into effect Jan. 1, 1987. With the words, "An individual shall not smoke in a public place or at a meeting of a public body, except in a designated smoking area," this law established *nonsmoking* as the norm in public places within the state.

The MCIAA applies to enclosed indoor areas. It affects all public places, meeting places, or workplaces that are owned or operated by state or local governmental agencies, including offices, educational facilities, health facilities, auditoriums, arenas, meeting rooms, and public conveyances. Some public agencies, such as the Michigan Department of Public Health, have complied with the law by prohibiting all smoking in buildings and offices under their jurisdiction.

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Chapter 3

The MCIAA also covers some private sites, such as educational facilities, health facilities, auditoriums, arenas, theaters, museums, concert halls, and other privately operated facilities during the period of their use for performances or exhibits of the arts.

Amendments to the MCIAA passed during 1988 extended its scope to include the prohibition of smoking in child care areas of licensed child care centers and child caring institutions. The 1988 amendments also strengthened tobacco use restrictions in hospitals by allowing smoking only in designated smoking areas with ventilation systems that are totally separate from the ventilation system for the rest of those facilities. Hospitalized patients are permitted to smoke in their rooms only by physician's order, and only if their rooms also meet the ventilation requirements. Under these amendments, smoking also is banned in the common areas and treatment areas of private practice offices of health professionals.

A facility covered by the MCIAA must display signs indicating that smoking is prohibited, except in designated smoking areas, and must arrange seating to provide, as much as practicable, a smoke-free area. Enforcement of the MCIAA is the responsibility of the Michigan Department of Public Health. A person or facility who violates the law must be directed to comply and may be subject to civil fines of \$100 to \$500.

In addition to the MCIAA, there are other Michigan laws that restrict smoking in public places. Smoking in Michigan restaurants is regulated under the Michigan Public Health Code (Sec. 12905 of Public Act 368 of 1978 as amended). Restaurants with a seating capacity of 50 persons or more are required to have a nonsmoking area available and to post signs indicating its availability. These guidelines also apply to shopping mall "food courts". Furthermore, Michigan Public Act 39 of 1968 prohibits smoking in grocery stores, while Michigan Public Act 227 of 1967 bans smoking in elevators.

Two cities in Michigan have local clean indoor air ordinances that are stronger than the state law. Marquette and East Lansing both have ordinances that extend clean indoor air provisions to private sector facilities open to the public, such as retail establishments and office workplaces. Both ordinances also limit the percentage of seats in a restaurant that can be in the designated smoking area.

Although they are not covered by the Michigan Clean Indoor Air Act, many private businesses in Michigan have voluntarily regulated smoking in their facilities. Some have chosen to restrict smoking to designated smoking areas, while others have banned smoking entirely, creating totally smokefree workplaces. Examples of Michigan businesses who have led the way with smoke-free workplace policies are the Michigan Bell Telephone Company and Comerica Inc.

Financial Policies to Discourage Tobacco Use

One method of encouraging persons to stop, or avoid, the use of tobacco products is through the use of public sector and private sector financial policies. The rationale behind such policies is that when the use of tobacco products is perceived to be financially detrimental, individuals are likely to reconsider the use of such products.

Public Sector Financial Policies

The most common example of the public sector use of such policies is tobacco excise taxes. While tobacco excise taxes traditionally have been seen as a means to raise public revenues, health advocates recently have turned to the possibility of increasing these excise taxes as a means to deter the use of tobacco, particularly among children and adolescents.

The appeal of this strategy stems from economic theory. As explained in the 1989 Surgeon General's report on the health consequences of smoking:

One of the few nearly universal relationships in economics is the law of downward sloping demand; that is, demand for a commodity declines as its price increases. Numerous econometric studies have confirmed that this relationship holds for cigarettes. Because excise taxes increase the price of cigarettes, fluctuations in excise tax rates should influence the demand for cigarettes, and excise tax increases should reduce tobacco consumption.³¹

The economic measure of the degree of change in consumer demand that can be expected from a specific change in price is termed *price elasticity* of demand. Lewit, Coate and Grossman calculated the price elasticity of demand for cigarettes among teenagers as -1.2, meaning that a 10 percent increase in price would bring about a 12 percent reduction in consumption of cigarettes among teenagers.³² According to their findings, teenagers are more sensitive to price changes than adults, primarily because younger people generally have less disposable income and are less addicted to nicotine than adults. Thus, an increase in cigarette excise taxes would be especially effective in discouraging young people from taking up the habit of smoking.

Lewit et al. also suggested that an increase in cigarette excise taxes would cause a decline in smoking among adults, although to a lesser extent. According to their calculations, the price elasticity of demand for adult smokers is -0.42, meaning that a 10 percent increase in the price of cigarettes would result in a 4.2 percent decrease in consumption among adults. This decline in adult smoking would also impact children, since there would be fewer role models of smoking for young persons to emulate.³³

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Chapter 3

During 1987, the federal government, every state, and 389 local municipalities all imposed cigarette excise taxes. The federal government and 27 states also taxed smokeless tobacco products at that time.34

Currently, the federal government imposes an excise tax of 16 cents on a pack of cigarettes, 24 cents per pound of snuff (1.8 cents on a 1.2-ounce can), and 8 cents per pound of chewing tobacco (1 cent on a 2-ounce pouch).35

Michigan presently has no state excise tax on smokeless tobacco products. It does have a state cigarette excise tax of 25 cents for a 20-count pack of cigarettes and 28 cents for a 25-count pack. No city or county in Michigan has an excise tax on tobacco products. Table 1 details the history of cigarette excise taxes in Michigan. During 1987, net state revenue from the Michigan cigarette excise tax totaled \$271.9 million.36

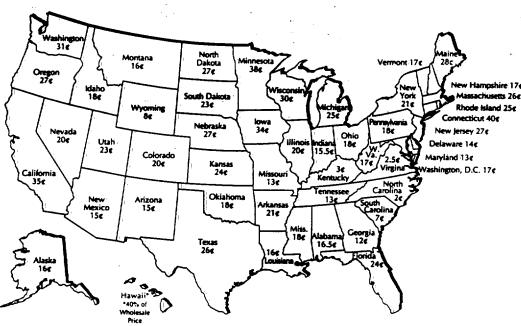
Table 1. Michigan Excise Taxes on Cigarettes, 1947-1988

Year Excise Tax was Imposed	Total Michigan Excise Tax per Pack
1947	\$.03
1957	.05
1960	.06
1961	.05
1962	.07
1970:	.11:
1982	.21
1988:	.25/20-count pack .28/25-count pack

Source: Michigan Department of Treasury³⁷

Of the 50 states, Michigan has the 14th highest state cigarette excise tax. Figure 4 shows state cigarette excise tax rates for all states.

Figure 4. State Cigarette Excise Taxes (In Cents per Pack), April 1989



Source: Tobacco-Free America38

The highest state excise taxes are levied in Connecticut (40 cents per pack), Minnesota (38 cents per pack), and California (35 cents per pack). As might be expected, the lowest excise taxes can be found in the Southern tobacco-producing states, namely North Carolina (2 cents per pack), Virginia (2.5 cents per pack), and Kentucky (3 cents per pack).

Private Sector Financial Policies

Insurance policies can provide a disincentive for tobacco use by offering reduced insurance premiums for nonsmokers.

Premium discounts for nonsmokers are common among life insurance companies, whose actuarial studies have confirmed the lower life expectancies of smokers. According to the Center for Corporate Public Involvement, 89 percent of life insurers responding to a 1986 survey stated that they offered premium discounts on individual life insurance policies based upon health-related behaviors. Fourteen percent also offered such discounts on group life insurance policies. According to industry sources, the average

health-related discount among life insurance companies ranges from 12 percent to 25 percent.⁴⁰

In spite of large health care costs incurred through the treatment of smoking-related diseases, few health insurers offer discounts to nonsmokers. The Center for Corporate Public Involvement survey cited above indicated that 23 percent of insurers offered premium discounts for nonsmokers on individual health insurance policies, while 14 percent offered such discounts on group health insurance policies. A Responses from health and disability insurers to a National Association of Insurance Commissioners survey indicated that 14 percent of commercial insurers and 16 percent of Blue Cross/Blue Shield plans offered discounts to nonsmokers. These discounts averaged 9 percent to 10 percent.

Reduced premiums for nonsmokers are slightly more common in property and casualty insurance coverage, a fact that recognizes that cigarettes are the major cause of residential fires in this country, with attendant losses of property and lives.⁴³

In addition to the offering of reduced premiums, insurance companies can encourage the cessation of tobacco use by offering health care coverage for cessation services. It is often asserted that inclusion of a service in the benefit package of a health insurance policy will encourage use of that service. Therefore, health care insurers can play a major role in accelerating progress toward a smoke-free society by including coverage for cost of tobacco cessation services in health insurance policies. Today, unfortunately, few health insurers offer such coverage. Most of those that do only cover the cost when smoking-related disease is already present, reflecting the industry's reluctance to cover services that are considered prevention-based, rather than treatment-based.

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CONTENTS

I.	Aggressive measures must be taken			
	to prevent children from gaining access			
	to tobacco products135			
	A. Tobacco retailer license			
	B. Vending machine sales of tobacco			
	C. State tobacco excise tax			
	D. Free and discounted tobacco samples			
	E. Signs warning of sales to minors			
	F. Tobacco billboards and signs			
	G. Sale of individual cigarettes			
п.	Stronger efforts must be made			
	to protect residents from environmental			
	tobacco smoke and cigarette-ignited fires144			
	A. Clean indoor air in private workplaces			
	B. Restaurant non-smoking areas			
	C. Interstate public transportation			
	D. Local tobacco ordinances			
	E. Air quality standards for tobacco smoke			
	F. Fire safety standards for tobacco products			
m.	Tobacco users must be offered assistance			
	in quitting, with special attention given			
	to minorities, persons with low income,			
	and other groups with high levels of use151			
	A. Role of health professionals			
	B. Education of health professionals			
	C. Availability of cessation services			
	D. Quality assurance for cessation services			
	E. Financial access to cessation services			
	F. Role of employers, insurers and unions			
	G. Tobacco clearinghouse services			

IV.	-	orous efforts must be made to instill obacco-free lifestyle in the Michigan population 15	8
		State antitobacco media campaign	
		School-based tobacco education programs	
		Tobacco-free schools	
•		Tobacco-free health facilities	
		Promotion of tobacco products by the State Smoke-free public meetings	
V.		e Michigan Congressional Delegation	
		ould support strengthened federal	
	an	titobacco policies and programs16	ا ب
	A.	Federal tobacco excise tax	
	B.	Federal antitobacco media campaign	
	C.	Licensing of broadcast media	
	D.	Health and safety regulation of tobacco products	
	E.	Interstate public transportation	
		Tobacco package warning message	
		Export of tobacco products to foreign markets	
	H.	Federal fire safety standards for tobacco products	
	I.	Medicare coverage for cessation services	
		Tobacco advertising and promotion	
		Income tax deduction for tobacco advertising	
		Tobacco price supports	
	М.	State regulation of tobacco advertising	
VI.	All	those concerned with the health	
	of:	Michigan's citizens must help implement	
	the	se recommendations17	3
		Role of Task Force members and others	
		Role of the Michigan Department of Public Health	
		Political advocacy	
		Role of community antitobacco coalitions	
	E.	ASSIST/2000 grant application	•
			Z

The recommendations of the 1989 Michigan To-bacco Reduction Task Force comprise a comprehensive approach for reducing the use of tobacco products in Michigan by 50 percent by the Year 2000. These recommendations are bold statements on the actions that are needed to counteract the addictive nature of tobacco products and the aggressive marketing of the tobacco industry.

The recommendations include strategies for preventing our children from developing the tobacco habit, helping current tobacco users to quit, and protecting all of us from the harmful health effects of environmental tobacco smoke. Each of the recommendations emphasizes that tobacco use should not be the norm in our society. Together, they constitute a framework of complementary actions to be implemented during the next 10 years, actions that will make a significant impact on the needless death and disease caused by the use of tobacco products.

The recommendations remind us that, in order to reduce the health consequences of tobacco use, we must focus on all nicotine-bearing products. In the past, it may have been enough to focus on cigarettes, cigars, and pipes, the main forms of tobacco use during the 20th century. But today, increased attention must be paid to smokeless tobacco products such as snuff and chewing tobacco, cancer-causing substances that are increasingly popular among our young people. We also must be aware of attempts by tobacco manufacturers to develop alternative nicotine delivery devices that are marketed as safer or less offensive alternatives to cigarettes.

Achieving the long-term goal of significantly reducing tobacco use in Michigan will be a major undertaking, requiring the commitment and cooperation of individuals and groups willing to invest in the health of Michigan's citizens. The groundwork for these efforts has been laid by policy-makers, health and education organizations, and individual citizens who have recognized the tremendous toll that tobacco use takes on our society. During the past decade, their work has led to passage of the Michigan Clean Indoor Air Act and the Youth Tobacco Act, and to the development of tobacco use prevention and cessation programs throughout the state.

But, the work is not finished, because human and economic resources continue to be drained by the use of tobacco products in Michigan. Thousands of the state's residents die each year from tobacco-related disease. Millions of Michigan citizens remain addicted to tobacco. And the tobacco

industry recruits our children and adolescents as replacements for the approximately 126,000 Michigan tobacco users who die or quit the habit each year. Obviously, much remains to be done to help those who use tobacco to overcome their dependency and to prevent our young people from becoming addicted.

All Michigan citizens must join in reducing tobacco use and its health consequences among Michigan residents by the Year 2000. The following recommendations of the 1989 Michigan Tobacco Reduction Task Force provide a comprehensive blueprint for this effort.

I. Aggressive measures must be taken to prevent children and adolescents from gaining access to cigarettes, smokeless tobacco, and other tobacco products.

Most people who use tobacco begin the habit before the age of 20. Studies have shown that children as young as seven or eight are experimenting with cigarettes and smokeless tobacco, and many are becoming regular users soon after.

The use of tobacco products by children and adolescents raises serious concerns. Persons who become addicted to tobacco at a young age are at higher risk for developing various smoking-related diseases in adulthood. In addition, several studies have indicated that children who use tobacco products are much more likely to experiment with other types of drugs.

Social attitudes toward the use of tobacco by minors have been contradictory: While it is illegal for persons under the age of 18 to use tobacco products in Michigan, adults often overlook this behavior in adolescents, and the law is seldom, if ever, enforced.

Preventing children and adolescents from becoming addicted to tobacco products must be of primary concern in reducing the use of tobacco in Michigan. Restricting minors' access to cigarettes, smokeless tobacco and other tobacco products is an important component of this plan.

Therefore, the Task Force recommends that:

- A. State law should require a license for the retail sale of tobacco products, renewable on an annual basis. Licensing regulations for tobacco retailers should include the following provisions:
 - 1. Tobacco retailers have an affirmative obligation to seek proof of age from tobacco customers.

- 2. Tobacco retailers must be located a minimum of 500 feet from K-12 schools or licensed child care agencies.
- 3. Tobacco retailers should be charged an annual retail license fee that is at least comparable to that paid by beer and wine retailers in the state. A minimum of 50 percent of the annual tobacco retail license fee should be equally distributed among administration of the licensing act, enforcement of the Youth Tobacco Act, and tobacco prevention and education activities.

Surveys suggest that underage children and youth primarily obtain cigarettes and smokeless tobacco products by purchasing them from retailers, not by receiving them from friends or parents. Estimates of the number of retail outlets for tobacco products in Michigan range from 40,000 to 60,000. This abundance of tobacco vendors makes these products easily accessible to youth and frustrates enforcement of the Youth Tobacco Act, which prohibits sale of tobacco products to persons under the age of 18.

Although most states take a vigorous legal approach to restricting minors' ability to buy alcohol, there are few examples of equally vigorous efforts regarding tobacco, in spite of the fact that tobacco may pose a greater long-term threat to health than alcohol. In Michigan, retailers must have a special license to sell alcohol, but there is no comparable license for the sale of tobacco. The State should establish a license for the retail sale of tobacco products. This licensing requirement may reduce the number of outlets for tobacco products, which in turn could restrict minors' access to these products.

Through licensing, the State also can demand greater compliance with the Youth Tobacco Act by making license revocation the ultimate penalty for sale of tobacco to minors. Revenues from licensing fees should be used to fund increased enforcement of the Act, as well as other prevention activities.

An alternative approach would be to permit the sale of tobacco products only through vendors licensed to sell beer and wine. This approach would avoid duplication of licensing administration, reduce the number of retail tobacco outlets, and increase public perception of tobacco as a substance harmful enough to warrant regulation.

B. State law should prohibit the sale of tobacco products through vending machines.

It is easy for minors to obtain tobacco products through vending machines. Tobacco vending machines often are not supervised and are located in areas that are accessible to children, such as the outer lobbies of restaurants or vending machine service areas of large buildings. Furthermore, cigarettes are sometimes sold in the same vending machines as candy, snack foods, and other items of interest to children and adolescents. A Canadian study suggests that younger children are especially apt to use vending machines for tobacco purchases.

Colorado has banned vending machine sales of smoke-less tobacco. White Bear Lake (Minnesota), a suburb of St. Paul, recently passed the nation's first local ordinance banning cigarette vending machines. Such local prohibitions are also under consideration in several municipalities in Michigan's Upper Peninsula, following a series of public hearings on the topic.

Some states have taken a weaker approach to this problem by restricting the placement of tobacco vending machines to supervised areas or to areas thought to be inaccessible to minors. However, defining such areas and monitoring the supervision of vending machines raise legal and practical concerns. In order to restrict the ability of children and youth to purchase cigarettes, smokeless tobacco, and other tobacco products, the State of Michigan should ban the sale of tobacco products through vending machines.

- C. An aggressive, prevention-based state tobacco excise tax policy should be established.
 - 1. An excise tax of 70 percent of the wholesale price should be established for all tobacco products sold in Michigan.
 - 2. The tax should be calculated once per year, and should be based upon the average wholesale price of tobacco products during the previous year.
 - 3. All revenues from state tobacco excise taxes should be earmarked for health-related activities, with at least 50 percent dedicated to tobacco use prevention, cessation, education, and enforcement activities, without reduction in existing funding.

Tobacco excise taxes generally have been viewed solely as a means of raising revenue. But, recently, health advocates have recognized taxation as a strategy for preventing the use of tobacco and for encouraging current tobacco users to quit.

Support for this strategy comes from the economic fact that fewer people buy a product as its cost goes up. An economic measurement called "price elasticity of demand" predicts the decrease in consumption of a product that follows an increase in its price. Thus, an increase in the excise tax on cigarettes will cause the price to go up, and this will result in fewer cigarettes being purchased and fewer people smoking. Specifically, economists predict that a 10 percent increase in the price of cigarettes will result in a 14 percent decrease in the prevalence of smoking among 12-to 17-year-olds. Smaller percentage decreases will occur in older age groups due to their stronger nicotine addiction and larger incomes.

The State of Michigan should use this strategy to reduce the use of tobacco products among children and youth. An excise

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tax equal to 70 percent of the average annual wholesale price should be established for all tobacco products sold in the state. This would represent an approximate doubling of the current tax of 25 cents per pack levied on cigarettes in Michigan. It is estimated that a tax increase of this magnitude would, by itself, reduce smoking prevalence among 12- to 17-year-olds by as much as 20 percent.

Levying this tax on smokeless tobacco products, which are currently not taxed by the State of Michigan, will significantly reduce the use of smokeless tobacco products and simultaneously draw public attention to the dangerous nature of these products.

Changing from the present unit tax system, which imposes a fixed amount of tax on each pack of cigarettes, to a percentage (ad valorem) tax system ensures that the tax retains its value as a proportion of the total cost. Therefore, as the cost of the product increases, the tax will increase accordingly. A percentage tax will maintain its ability to deter individuals, especially children and adolescents, from purchasing tobacco products. Hawaii imposes a percentage tax on cigarettes, and many states use this type of tax system for smokeless tobacco.

It has been suggested that tobacco users would be more likely to respond to larger tax increases imposed on a periodic basis than to a steady, gradual increase in the tax. Consequently, the value of the 70 percent tax should be calculated annually, based upon the average wholesale price of the products during the previous year, and held constant for one year before being recalculated.

The increased tax on cigarettes and the new tax on smokeless tobacco and other tobacco products will generate a total of approximately \$699 million in annual revenues. This is more than twice the revenues from the excise tax that is currently collected on cigarettes in Michigan. The revenues should be earmarked for health activities, with at least 50 percent earmarked for tobacco-related prevention, cessation, education, and enforcement. These revenues should supplement and not replace, state and federal funds currently appropriated for these activities. In addition, they should be distributed equitably throughout the state.

D. State law should prohibit the distribution of free or discounted tobacco products, as well as the distribution of tobacco products through the mail.

In recent years, the tobacco industry has begun to shift its marketing emphasis from advertising to promotional activities. Some of these promotional activities place the products directly in the hands of the consumer through the distribution of free samples of cigarettes, smokeless tobacco, and other tobacco products.

Although it is illegal in Michigan to give tobacco products to minors, it is difficult to control the distribution of free samples. The tobacco industry's voluntary code forbids distribution of tobacco to minors, but national studies have shown that persons hired to distribute free tobacco samples seldom check the age of their recipients.

Similar problems result from advertisements that offer free product samples or retail sale of tobacco products by mail. While mail-in order blanks usually require senders to certify that they are not legal minors, it is impossible to verify these statements.

Since it is virtually impossible to ensure that free tobacco products are not given to minors, the State of Michigan should ban all distribution of free samples of tobacco products. This action has been taken by the states of Minnesota and Utah, and by at least 15 cities across the country. Coupons, rebates, or other devices that reduce or eliminate the retail price of tobacco products also should be prohibited, since they have the similar effect of making tobacco products more accessible to children and adolescents.

Similarly, distribution of tobacco products through the mail enables minors to obtain cigarettes and smokeless tobacco without supervision. State law should prohibit such distribution of both purchases and free samples of tobacco products.

The Michigan Youth Tobacco Act requires that a sign be posted at all points of sale warning that the sale of tobacco products to minors is illegal and that minors who purchase tobacco are subject to criminal penalties.

The size, wording, and type size for the sign are specified in the law. As it stands, the sign is difficult to read and the design cannot quickly be identified as warning against the sale of tobacco products to minors.

Other states have developed warning signs that present a clearer message in a format that is more readily identifiable to the general public. The sign from Massachusetts (included in Appendix C) is an example. The Michigan Legislature should amend the Youth Tobacco Act to require that Michigan's sign be redesigned to make it more effective in meeting its purpose of deterring tobacco sales to, and purchases by, minors.

Furthermore, the current law does not include penalties for retailers who fail to display the sign. Such penalties should be added to the Youth Tobacco Act.

F. State law should prohibit billboards and other indoor and outdoor signs advertising tobacco products.

In spite of tobacco industry assertions to the contrary, marketing experts claim that advertising portrays the use of tobacco products as a sexy, fun, healthy, and adult activity that makes the user socially attractive. These media messages are particularly enticing to impressionable children and adolescents, who are drawn by the advertisements to experiment with these products. In effect, the industry's advertisements encourage children to engage in illegal behavior.

Billboards and other prominently displayed advertising signs that are located in places such as main roadways, sports arenas, and supermarkets are of particular concern, because the exposure of children to these messages is virtually unavoidable. In addition, such tobacco signs are concentrated in inner city neighborhoods, making low income and minority youth particularly vulnerable to the misleading messages of the advertising.

States are beginning to take action against billboard advertising of tobacco products. Utah has prohibited tobacco advertising on billboards, streetcars and buses, placards, or "any other object or place of display." A proposal to ban billboard advertising of tobacco and alcohol products has been introduced before the Massachusetts legislature. Four states—Alaska, Hawaii, Maine, and Vermont—prohibit billboard advertising of any products.

Because viewing advertisements for tobacco products on billboards, placards, posters, displays, figures, paintings, and other types of signs is unavoidable and induces young persons to participate in what is, for them, an illegal activity, Michigan law should prohibit billboard and other indoor and outdoor advertising of tobacco products.

G. State law should prohibit breaking up packages of cigarettes, small cigars, or smokeless tobacco products for the purpose of selling individual items or portions.

It is a retail practice in some areas of the state, particularly in Detroit, to open packs of cigarettes in order to sell them individually. These individual cigarettes sell for about 10 cents each, making them generally more affordable to young people, who might be unable to pay for an entire pack.

In addition to encouraging children and youth to buy cigarettes, this practice raises other concerns. Selling individual items or portions that are not sealed makes them vulnerable to tampering and violates basic sanitation practices. Furthermore, such sales circumvent federal law that requires health warning labels on all cigarettes and smokeless tobacco sold.

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The State of Maine has passed a law prohibiting the sale of individual tobacco products that have been removed from their intended retail packages. The Michigan legislature should follow Maine's lead in protecting the health and safety of Michigan's citizens.

II. Stronger efforts must be made to protect Michigan residents from the adverse health effects of environmental tobacco smoke and from fires caused by smoking materials.

The adverse health effects of tobacco are not restricted to smokers. Well-documented studies confirm that both adults and children who are exposed to environmental tobacco smoke experience temporary and permanent health effects, particularly if exposed on a regular basis. Also, both smokers and nonsmokers are frequently the victims of cigarette-ignited fires. Given today's knowledge of the health risks associated with exposure to second-hand tobacco smoke, both public and private sectors must establish policies that acknowledge nonsmoking as the norm, and actively protect the health and safety of those citizens who do not smoke.

Therefore, the Task Force recommends that:

A. The Michigan Clean Indoor Air Act should be extended to the private sector.

The current Michigan Clean Indoor Air Act (MCIAA) limits smoking in public places to designated areas, thus reducing exposure to environmental tobacco smoke for employees and the general public who use such facilities. With few exceptions, however, the law offers little protection to persons in private workplaces.

The State of Michigan should follow the example set by the cities of Marquette and East Lansing, and at least 14 other states, in passing clean indoor air standards that recognize nonsmoking as the norm in private, as well as public, workplaces. This policy would extend to all workers the same advantages of tobacco-free air in the workplace now enjoyed by public employees.

Current trends support expansion of clean indoor air requirements into the private sector. For instance, the Michigan Department of Public Health reports that a considerable number of the calls received with complaints about environmental tobacco smoke are from employees in private workplaces, who are not protected by the MCIAA.

Furthermore, expanding the MCIAA would help protect employers from liability for smoking-related illness caused by exposure to environmental tobacco smoke in the workplace. Court cases such as *Shimp v. New Jersey Bell Telephone Co.* and *Smith v. Western Electric Co.* affirm the obligation of an employer to provide a work area free from unsafe conditions, including environmental tobacco smoke.

Americans for Nonsmokers' Rights has developed a model statute that could be used as a basis for expanding Michigan's clean indoor air policies. (See Appendix D.)

State and local government administrators should take the lead in promoting clean indoor air in the private sector prior to passage of a state law. For example, government contracts should require that all firms doing business with the State, or with a Michigan county or municipality, have clean indoor air policies in place at their Michigan facilities. These policies should have clean indoor air standards at least as stringent as those required of public facilities under the MCIAA.

B. State law should require that at least 50 percent of seats in all restaurants be designated as nonsmoking. Ambiguities in the laws regulating smoking in restaurants should be removed, making seating, ventilation, and compliance provisions of the Michigan Clean Indoor Air Act apply to restaurants.

Under current Michigan law, restaurants with 50 seats or more must designate a specific number of their seats as nonsmoking. (This number is roughly equal to 12 percent to 24 percent of their seating capacity.) An amendment requiring that at least half of seating in all restaurants be designated as nonsmoking would greatly reduce patrons' exposure to environmental tobacco smoke and its related health risks. This requirement also would more closely reflect the fact that more than 85 percent of the state's residents (adults and children combined) do not smoke. Such a law would be an additional step toward making all Michigan eating establishments smokefree.

Current Michigan law is unclear regarding other smokingrelated restrictions on restaurants. The following seating, ventilation, and compliance provisions in the Michigan Clean Indoor Air Act should apply to restaurants:

- Restaurant owners or operators should be required to develop and implement a written policy which includes procedures for receiving and handling complaints.
 - Nonsmoking seating should be contiguous.
 - Prevailing air flow should be toward the smoking area.
- •Nonsmokers should be seated nearest to the source of fresh air, such as supply air grilles or diffusers; smokers should be located nearest to exhaust fans or return air grilles.
- C. The State of Michigan and local governments should provide for totally smoke-free travel on intrastate and local public conveyances.

While it is common practice to designate smoking and nonsmoking sections on public conveyances, studies have shown that this is seldom adequate to protect passengers and workers from environmental tobacco smoke. Stronger regulation of smoking on public transportation is needed.

The State and local governments should require smoke-free travel on all public conveyances, except where such action is preempted. (For example, states and localities have little jurisdiction over smoking on AMTRAK trains. Even federal regulations regarding smoking on these trains were repealed in 1979, when the federal government gave control of the train system to the AMTRAK corporation.)

The federal government has jurisdiction over smoking on commercial airplanes. Since 1988, federal law has banned smoking on regularly scheduled domestic airline flights of two hours or less. In February 1990, the ban will be extended to all domestic flights of six hours or less, thereby establishing smokefree travel on all commercial airplanes, except during certain flights to Alaska and Hawaii.

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Operators of local bus lines in Michigan generally prohibit smoking on scheduled runs, but such restrictions have not been established in public policy nor have they been adopted by many taxi services or intercity bus companies. Legislation should be adopted to require that local public transportation authorities and privately owned bus and taxi companies provide totally smoke-free travel in all vehicles operated within the state, including buses, trolleys, trams, and taxis.

D. Smoke-free housing should be available to all persons living in institutional settings, including colleges and universities, licensed residential mental health facilities, correctional institutions, and licensed substance abuse treatment centers.

Persons living in institutional settings cannot control the environment in which they live. In settings such as these, the State or other sponsoring institution has a responsibility to ensure that nonsmokers are protected from hazardous environmental tobacco smoke and that the risk of smoking-related fires is minimized.

Residence halls in Michigan colleges and universities should offer a smoke-free living option to all students applying for housing. While some Michigan schools offer smoke-free rooms to those students requesting them, few offer housing in totally smoke-free buildings. Smoke-free buildings are necessary because ventilation systems typically do not adequately clear the air of tobacco smoke.

Persons living in residential mental health facilities frequently lack the judgement needed to make informed decisions regarding their own health or safety. In these cases, administrators of public and private facilities have a special obligation to protect residents from the dangers of environmental tobacco smoke and cigarette-ignited fires.

As a rule, the structural designs of prisons and jails pose special problems in protecting residents and staff from environmental tobacco smoke. Some facilities, such as the county jails in Muskegon, Grand Traverse, Kalamazoo, Jackson, Eaton, and Ottawa counties, have become totally smoke-free in

an effort to reduce exposure to environmental tobacco smoke. Other correctional facilities in the state, including those for youth, should be encouraged to adopt smoke-free policies. Assurance of smoke-free living areas should be a requirement in the design of new correctional facilities in Michigan.

It has been estimated that 80 percent to 90 percent of persons with substance abuse problems are also addicted to nicotine. Because smoking seldom has been banned in substance abuse treatment centers, nonsmokers have risked substantial exposure to environmental tobacco smoke when participating in treatment. Treatment providers have a responsibility to protect nonsmokers from this hazard by providing smoke-free environments.

E. State law should continue to support Michigan communities in enacting tobacco control ordinances stronger than those of the State. Efforts to establish state preemption of these ordinances should be opposed.

The cities of Marquette and East Lansing have enacted aggressive smoking control ordinances, and such actions are supported by state law. Michigan's Public Health Code allows local communities to pass health ordinances which are stronger than state health laws.

The likelihood of success in gaining strong smoking controls at the local level is great. While the tobacco interests have effective monitoring and lobbying capabilities on the state level, they are less equipped to track and influence policymaking activities on the local level. Furthermore, local government often involves greater participation by the general public, which is known to favor restrictive smoking laws. A network of strong local ordinances also will offer political

In an effort to circumvent the growing number of strong local tobacco control ordinances, the tobacco industry has begun to lobby aggressively for state legislation prohibiting localities from passing tobacco control ordinances that are more stringent than the state law. They have been successful in states

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such as Virginia, Florida and Pennsylvania. The Michigan legislature should resist attempts to prohibit strong local tobacco ordinances in Michigan.

F. Air quality standards should be established for the total combined components of tobacco smoke, which has been declared a toxic substance by the Michigan Toxic Substance Control Commission.

In spite of the fact that tobacco is known to be a greater health risk than other substances controlled by the federal government, the tobacco industry has been successful in avoiding federal regulation of tobacco for health or safety reasons. Since tobacco has been declared a toxic substance at the state level, Michigan policy-makers should take this opportunity to protect Michigan residents from the hazards of this substance.

Standards should be set for the maximum concentration of environmental tobacco smoke allowed in indoor areas. The Michigan Department of Public Health should work with the appropriate state regulatory agencies to achieve this goal. There are currently no such standards for the combined elements of tobacco smoke, although standards have been set for many of the individual components.

At least two states have officially recognized tobacco as a toxic substance. Massachusetts has classified oral snuff as a hazardous substance. California law, which identifies tobacco as a carcinogen and a reproductive toxicant, requires businesses to post warning signs in areas where tobacco smoke is present: "WARNING: This facility permits smoking, and tobacco smoke is known to the State of California to cause cancer."

G. The State should establish fire safety standards for all combustible tobacco products sold in Michigan.

In 1987, a special federal study group determined that a selfextinguishing cigarette could be developed that would significantly reduce the potential for starting fires. Smoking

materials are the major cause of fatal fires in this country. Many of these victims are children. In Michigan alone, 17 percent of all fire deaths and 11 percent of all fire injuries in 1988 were smoking-related. That same year, \$20.3 million of property was lost in Michigan due to fires ignited by smoking materials.

The tobacco industry has worked to prevent the enactment of fire safety standards on the federal level, in part to avoid the precedent of any health or safety regulation of cigarettes. Most recently, the industry has supported a congressional bill that would require further study of this question, thereby delaying the debate and decision.

Michigan can defeat this strategy by establishing meaningfulfire safety standards for combustible tobacco products sold within its boundaries. As an added benefit, action by one state may very well lead to tobacco manufacturers adopting these standards industry-wide in order to forestall similar action in other states.

III. Tobacco users must be offered information, assistance, and continued support for quitting and remaining tobacco-free. Special attention must be given to minorities, persons with low income, and other groups with high levels of use.

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Surveys have shown that most tobacco users would like to quit, and many have tried repeatedly. The addictive nature of nicotine, coupled with social factors and marketing practices that encourage tobacco use, make it difficult to break the habit. Three elements must be present to successfully quit using tobacco.

First, tobacco users must be motivated to quit. Health consequences, social pressure, or other factors must be sufficient to make tobacco users want to overcome their addiction to these products. Secondly, tobacco users must receive assistance in quitting in the form of encouragement, information, and/or cessation services. Efforts are currently underway to identify those aids to quitting that can be most effective. And finally, former tobacco users must have continued support for remaining tobacco-free. This help can include personalized encouragement as well as public policy measures that discourage the use of tobacco products.

Groups in special need of such services are those which appear to have higher than average rates of tobacco use, including minorities, those without a college education and those with low incomes. These groups also are least likely to have access to services because of cost constraints, lack of available services, or lack of services which are culturally or socially sensitive and appropriate.

Therefore the Task Force recommends that:

A. Physicians, dentists, nurses, pharmacists, substance abuse counselors, and other health professionals should make stronger efforts to identify tobacco use among their patients or clients, and advise and assist them to quit.

According to former U.S. Surgeon General C. Everett Koop, smokers whose doctors help them quit are up to six times more likely to kick the habit. And yet, studies show that most smokers have not been advised by their physicians to quit.

Because physicians, dentists, nurses, pharmacists, substance abuse counselors, and other health professionals are perceived as authorities on health matters, they can have a significant impact upon smoking and the use of smokeless tobacco in Michigan. The frequency with which tobacco users visit these health professionals, coupled with the individualized nature of the visits, provides many opportunities for assessment, intervention and assistance.

For health professionals to be successful in helping people to quit, several factors must be present. First, these professionals must be aware of patients' or clients' tobacco use habits. Next, they must possess basic skills in effective counseling for tobacco cessation. And, following intervention, they should actively monitor the individuals' cessation efforts and provide support as needed.

As role models of good health behavior, health professionals have a special responsibility to stop smoking themselves. Those who continue to use tobacco products are hampered in their ability to present a strong and credible message to their patients or clients regarding the dangers of tobacco use and the need for quitting these habits.

Substance abuse counselors have a special opportunity to help in tobacco use cessation efforts, because it has been estimated that 80 percent to 90 percent of persons with alcohol or other drug problems are addicted to nicotine. Yet, most substance abuse treatment programs overlook tobacco use in treating addictions. Surveys have shown that many substance abuse clients are interested in breaking the tobacco habit when help is available. Substance abuse treatment providers should encourage clients to quit tobacco use, offer cessation services, and provide tobacco-free facilities to their clients.

B. Medical schools, dental schools, nursing schools, pharmacy schools, and other educational programs for health professionals and counselors should develop and implement curricula on tobacco use and methods of encouraging self-motivation and assisting tobacco users to quit.

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Because the use of tobacco products has a major impact on health, information on tobacco use and quitting interventions should be an important component of educational programs for health professionals. While most of these programs provide education on the management of tobacco-related disease, less attention usually is focused on its prevention.

There is a wealth of knowledge available regarding tobaccorelated disease and tobacco cessation interventions. The basic curriculum of programs which train health professionals should include components on the identification of tobacco use among patients and clients, and how to encourage and assist tobacco users to quit.

Once in practice, health professionals have a responsibility to remain informed about new developments in tobacco-related disease research and cessation interventions. Few continuing education programs are offered currently that help practitioners to identify patients and clients who use tobacco and to learn methods to help them quit. Agencies and institutions that provide continuing education for health professionals should increase their offerings in these areas.

In addition, these organizations should provide health professionals with materials to help patients or clients interested in quitting smoking or the use of smokeless tobacco. Such resources might include print and audio-visual materials, as well as self-help brochures for office waiting rooms. Health professionals also should have information on community cessation programs for the purpose of referring patients or clients.

C. Tobacco cessation services should be available in a wide variety of settings, especially those accessible to populations with high levels of tobacco use.

Traditional concepts of health care must be adapted to meet the varied needs and abilities of the many people addicted to tobacco. In order to reach all tobacco users, and especially those who may not be a part of established health promotion or health care systems, cessation services should be available in a wide variety of settings. These settings should include, but not be limited to, businesses, voluntary agencies, local health departments, neighborhood centers, schools, colleges, universities, and health care settings (especially those providing prenatal care).

A community-based approach to reducing tobacco use offers a number of advantages. Such efforts can be tailored to meet the needs and practices of target groups and can be coordinated with services and systems already in place within the community. Coalitions made up of representatives of groups concerned about tobacco reduction, and particularly those that can effectively reach high-risk populations, should generate progressive, creative programs and services for community residents.

A good example of an innovative program for tobacco cessation can be found on Detroit's east side. There, a coalition has developed a comprehensive program that provides free "stop smoking" classes at a neighborhood YMCA and a local church. Posters advertising the services are placed in party stores, dry cleaners, churches, restaurants, barbershops, and beauty salons throughout the neighborhood, ensuring that the information is easily available to community members.

D. A voluntary system of quality assurance should be established for tobacco cessation providers and programs.

Tobacco cessation programs span a wide range of methods and providers, reflecting the market's response to the varied needs of the individuals seeking cessation services. Criteria must be developed to allow assessment of the quality and effectiveness of cessation services. Such a task will not be simple, but it is the necessary foundation of any quality assurance effort. A voluntary system of credentialing based upon such criteria will help tobacco users evaluate the options available to them and make appropriate choices.

This quality assurance system also could help employers and insurance companies in their efforts to reimburse for cessation services by giving them an objective standard for determining which providers and programs are eligible for reimbursement.

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E. Michigan residents should have access to tobacco cessation services that meet minimum criteria for quality and effectiveness, regardless of ability to pay.

The cost of tobacco cessation services can vary greatly, depending upon the type of program or service. While many services are affordable to those who must pay for them out-of-pocket, other services are highly priced, making them unavailable to many. Even low-cost services may be beyond the ability of low-income persons to pay.

Economic status should not prevent individuals from obtaining tobacco cessation services. Funding should be made available for effective cessation services for all Michigan residents without ability to pay.

The State should include coverage for tobacco cessation services and nicotine-replacement therapies under the Medicaid and General Assistance Medical programs. This would allow persons on public assistance to use payment systems already in place to cover the cost of services. To encourage providers to accept this method of payment, the Medicaid and General Assistance Medical programs should fully reimburse for cessation services.

In order to fill the gap for those who are not covered by insurance and who do not have sufficient personal resources, tobacco cessation services should be designated as a basic health service under the Michigan Public Health Code.

Funding to support making cessation services accessible to all Michigan residents should come from a portion of state tobacco excise tax revenues earmarked for cessation services. Many states, including Minnesota, Utah, California and Nebraska, dedicate a portion of tobacco excise tax revenues to tobacco-related health activities.

In recent years, the Governor. State Legislature, and organizations throughout the state have begun to explore various methods of ensuring that all individuals in Michigan will have access to health care services. Because tobacco cessation can be a relatively low cost means of preventing many diseases, cessation services should be included as an essential element in any discussions of statewide health care programs.

F. Employers, unions and insurers should work cooperatively to develop incentives for reducing tobacco use among workers.

The workplace is a prime location for promoting tobacco cessation because of the structured setting and the group support that can be generated around such activities. When employers and labor organizations encourage workers to quit smoking or using smokeless tobacco, they gain a healthier workforce, improved worker morale, increased productivity, and an enhanced public image.

A 1987 report prepared for the State of Michigan estimated the potential cost savings to be gained through risk reduction activities in the workplace. The report concluded that employers who sponsor smoking cessation programs realize a return on their investment that is greater than the potential return from any other risk reduction activity.

Financial incentives are perhaps the most common way in which employers encourage their employees to quit using tobacco products. Examples of such incentives include: inplant cessation programs that are offered to employees at no cost or low cost; employer-subsidized fees for off-site programs; employer/union negotiated insurance coverage for cessation programs (including nicotine-replacement therapies); and bonuses for employees who successfully quit using tobacco.

Through the Michigan Health Initiative, the Michigan Department of Public Health offers grants to small businesses for health promotion activities in their workplaces. Since smoking is the single risk factor related to the greatest number of fatal and debilitating diseases, employers should be encouraged by the Michigan Department of Public Health to use these grants for tobacco cessation programs.

Additionally, insurers could offer financial incentives to their subscribers who do not smoke. Nonsmokers who purchase life or property and casualty insurance often receive reduced premiums rates, based upon their potential for longer life spans and reduced risk of home accidents and fires.

Health insurers could follow this lead and offer reduced premium rates for nonsmokers based upon potentially lower use of health care services. Efforts would need to be made to

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educate the public that such nonsmoker "discounts" were available. As an initial step in this direction, the health insurance industry should begin to collect the data needed to determine the cost-effectiveness of tobacco cessation services.

Such financial incentives from employers and insurers can encourage smokers to quit and not return to the habit.

G. Clearinghouse services in Michigan should be coordinated, strengthened, and expanded so all state residents have better access to the information they need to effectively use tobacco cessation services. Clearinghouse services should be publicized throughout the state.

To effectively use tobacco cessation services, Michigan residents must first know that such services exist and how to locate them. Clearinghouses serve the purpose of compiling information about available resources and making this information available to the general public.

For example, the Michigan Department of Public Health operates a tobacco "hotline", providing information about cessation. The Cancer Information Service, operated by the Meyer L. Prentis Comprehensive Cancer Center of Metropolitan Detroit, is another clearinghouse which provides information and education about tobacco and resources for cessation. The major voluntary health associations also often serve such a function.

Currently, clearinghouses do not always have the most upto-date information about the wide range of local cessation services available throughout Michigan. A concerted effort must be made, therefore, to survey existing local tobacco cessation services and to keep this information as accurate as possible. The Michigan Department of Public Health should play a major role in the statewide coordination of this activity.

Clearinghouses should be publicized heavily throughout the state, including through such means as "Yellow Pages" listings in all community telephone directories, local public libraries, media spots, etc.

IV. More vigorous efforts must be made to instill a tobacco-free lifestyle in the Michigan population.

Since the 1964 publication of the first U.S. Surgeon General's report linking smoking and health effects, Americans' attitudes toward smoking and other forms of tobacco use have been changing. Surveys indicate that the public is becoming more aware of the health risks of tobacco, and is increasingly less accepting of tobacco use. Public policy is beginning to recognize nonsmoking as the norm. The private sector—including airlines, restaurants, and other businesses serving the public—also is beginning to follow suit.

Public support is an essential element in any plan to reduce the use of cigarettes, smokeless tobacco, and other tobacco products in Michigan. Public policy and private efforts should reinforce the norms of a tobacco-free lifestyle in adults and children in the state.

Therefore, the Task Force recommends that:

A. The Michigan Department of Public Health should expand its ongoing anti-tobacco media campaign, supplementing funds from the Michigan Health Initiative with other resources.

In June 1989, the Michigan Department of Public Health launched a media campaign, funded through the Michigan Health Initiative (MHI), to promote strong antitobacco messages through television, billboards, and posters.

Because tobacco use is a major risk factor for many fatal diseases, the Department's media campaign should continue to discourage smoking and should add messages that address the dangers of smokeless tobacco use. Other monies, such as tobacco excise tax revenues, should be found to supplement MHI funds and expand antitobacco advertising efforts in the state.

In order to make the best use of resources and to avoid duplication of services, the State should coordinate its anti-tobacco media efforts with the major statewide voluntary health agencies, such as the American Lung Association, the American Heart Association, and the American Cancer Society. These

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agencies have high-quality media materials available, many of which are aimed at populations that are at high risk for tobacco use and the related disease and mortality.

The Department's current media campaign is directed at two high-risk groups, children and women, with an emphasis on Black women. The campaign should be expanded to address other groups that are believed to have higher-than-average rates of tobacco use, and in some cases, to be at higher risk for smoking-related disease. Such groups include those without a college education, minorities, and low-income persons.

In order to reach all Michigan residents, the media campaign should include ethnically and culturally sensitive and diverse materials. Materials should be prepared in languages other than English, particularly Spanish and Arabic. Furthermore, these materials should be distributed through media that reach ethnic and non-English speaking populations in the state, such as cable television channels, community publications, or specialized radio programs. All television commercials produced for the campaign should include closed-caption formatting for the hearing-impaired.

The Department's media campaign also should inform individuals of Michigan's tobacco control laws, and of their rights and responsibilities under these laws. For example, media messages could be used to educate people about the Michigan Clean Indoor Air Act and how to report violations of this act, and about the Youth Tobacco Act and how to enhance enforcement of this law.

- B. School-based antitobacco education programs should be strengthened.
 - 1. The State should continue to expand implementation of the Michigan Model for Comprehensive School Health Education, enhancing tobacco education components in the early elementary grades and increasing information provided about the dangerous and addictive nature of smokeless tobacco. A commitment to long-term evaluation

of the Michigan Model must be maintained.

2. The Smoke-Free Class of 2000 Project—
jointly sponsored by the American
Cancer Society, the American Heart
Association, and the American Lung
Association—is consistent with the
objectives of the Michigan Model for
Comprehensive School Health Education
and should be implemented in all
schools throughout Michigan.

The classroom setting should be used to reinforce the norms of a tobacco-free lifestyle. One way this is being done is through the Michigan Model for Comprehensive School Health Education, a curriculum which is currently in place for grades kindergarten through eight in three-quarters of Michigan school districts. The Model includes lessons on the dangers of tobacco products and helps children develop the skills and attitudes to resist tobacco use.

The Michigan Model should be implemented in all school districts in the state. Because children are experimenting with cigarettes and smokeless tobacco at early ages, additional lessons on tobacco use must be included for early elementary grades. The Michigan Model curriculum should be expanded to include more material on the dangers of smokeless tobacco, since surveys indicate that its use is increasing among boys.

The Michigan Model includes a long-term evaluation component that will gauge the ability of the curriculum to influence students' health behaviors. But, because of state budgetary constraints, funding for this evaluation component was cut from the Fiscal Year 1990 Michigan state budget. Since the evaluation component is a critical part of the Michigan Model's efforts, this funding should be reinstated.

Other efforts to reinforce a tobacco-free lifestyle among today's children are underway in Michigan schools. The American Cancer Society, the American Heart Association, and the American Lung Association have joined together in a major promotional campaign to eliminate the use of tobacco among

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young people during the next 10 years. This project—called "The Smoke-free Class of 2000"—has objectives that are consistent with those of the Michigan Model and should be implemented in schools throughout the state.

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C. All K-12 school buildings, school grounds, and student transport vehicles should be tobacco-free.

Under the Michigan Clean Indoor Air Act, smoking in schools is confined to designated smoking areas, generally staff lounges. If smoking is permitted at any time within school buildings, the health of children and adults may be put at risk by tobacco smoke distributed through ventilation systems from designated smoking areas to classrooms and other areas where students and school personnel spend considerable time each day.

Furthermore, children learn from the examples set by adults. Because children are aware that teachers and other role models are smoking behind closed doors, the anti-tobacco messages they receive in the classroom are weakened.

All K-12 schools should be tobacco-free, meaning no tobacco use by school personnel, students, or visitors, at any time, in school buildings, on school grounds, and in student transport vehicles. The National Education Association has recently passed a resolution supporting tobacco-free schools. The states of Kansas, Washington, and New Jersey have accomplished this by enacting laws requiring schools to be tobacco-free. Other possible methods include the collective bargaining process and incentive programs such as the tobacco-free school campaign mounted in Minnesota.

D. The use and sale of tobacco products should be prohibited in health care facilities.

Under the 1988 amendments to the Michigan Clean Indoor Air Act, smoking in most health facilities, including private practice offices of health professionals, is prohibited in patient care areas and in areas shared by smokers and non-smokers. Smoking in other areas may be permitted if ventilation systems

exhaust these areas directly. Long-term care facilities are regulated by different smoking statutes than acute care facilities. This poses problems for institutions which house both types of facilities. Such differences also contribute to confusion about the applicable policy.

In addition, the use and sale of tobacco products in health care facilities sends a conflicting message about the importance of avoiding tobacco use. Simply restricting smoking and tobacco use to designated areas of a health care facility implies that these behaviors are condoned by the health professionals working there.

In order to send a consistent message about the health dangers of tobacco use, and to avoid confusion over regulations, the sale and use of tobacco products should be prohibited in all health care facilities in Michigan. Examples of tobacco-free policies can be found at Kalkaska Memorial Health Center in Kalkaska, Northern Michigan Hospitals in Petoskey, and other hospitals across the state.

E. The State of Michigan should be prohibited by law from manufacturing, selling, or promoting tobacco products, and from profiting from investments in firms that manufacture tobacco products. This includes activities in prisons, statesupported institutions of higher education, and facilities owned or leased by the State.

Since the passage of the Michigan Clean Indoor Air Act, nonsmoking has been recognized as the norm in buildings owned or operated by the State. In addition, the State invests resources in reducing tobacco use among Michigan residents and in treating the health consequences of tobacco use. Thus, it is illogical and contradictory for the State to support and encourage the use of tobacco products by allowing their manufacture, sale, or promotion under its authority.

For instance, the sale of cigarettes is common in state university buildings. Some college students are under the age of 18 and cannot purchase tobacco products legally. Yet, they and other students may be encouraged to use these products

because of their accessibility and the social acceptability implied by their on-campus sale.

Residents of Michigan's correctional system manufacture cigarettes which are then sold to other prisons, both within and outside the state. Cigarettes also are routinely sold in State office buildings and other State-owned facilities. In addition, the State of Michigan currently invests State pension funds in tobacco companies.

The use of cigarettes in state mental health facilities also raises concerns because of the health and fire hazards associated with their use.

Because the manufacture, sale, and promotion of tobacco products by the State of Michigan is harmful to its residents and contradicts other State policies and priorities, the State should not engage in such practices or allow them in facilities owned or leased by the State.

F. All meetings covered by the Michigan Open Meetings Act should be smoke-free.

In accordance with Michigan's Open Meetings Act, all meetings of public bodies are open to the public. When these meetings are held in public buildings, the Michigan Clean Indoor Air Act requires that smoking be confined to designated smoking areas, in order to protect the general public from the dangers and annoyances of environmental tobacco smoke.

At many public meetings, the designated smoking area is part of the open room in which all participants are seated. While this designation technically complies with the law, it does not achieve the purpose of the law, since persons who want to participate in such meetings are involuntarily exposed to tobacco smoke pollutants in the air.

State and local officials should uphold nonsmoking as the norm and protect the health of the public by declaring that all meetings covered by the Michigan Open Meetings Act be tobacco-free, whether held in public or private facilities.

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V. The Michigan Congressional Delegation should support strengthened federal antitobacco policies and programs. Michigan's U.S. Senators and Representatives should be urged to introduce or support legislation consistent with the intent of this report, including the following:

A. Federal tobacco excise taxes should be substantially increased, using a percentage tax system for all products. Revenues from these taxes should be returned to the states and to the federal Office on Smoking and Health to support health activities, including efforts in tobacco use prevention, cessation, and protection.

The federal government imposes an excise tax of 16 cents on a pack of cigarettes, and less than 2 cents on the average size container of snuff and chewing tobacco. These taxes have not been raised since the mid-1980s. Such relatively low taxes do not have a noticeable impact on tobacco users' decisions to buy tobacco products.

For taxes to be used as an effective deterrent to tobacco use, especially among youth, they must be set at significantly high levels. To this end, an aggressive state tobacco excise tax policy should be implemented. Such a strategy would be even more effective when supplemented by significant increases in federal excise taxes on tobacco products. Therefore, the Michigan Congressional Delegation should promote legislation to substantially increase federal tobacco excise taxes. The increased taxes should be based upon a percentage of wholesale price in order to retain the deterrent effect as prices increase over time.

The revenues that would result from increased federal tobacco excise taxes should be shared with the states to support health activities and also should be used to expand the capacity of the federal Office on Smoking and Health.

B. Federal funding should be made available for large, ongoing antitobacco media campaigns managed by the states and coordinated with the antitobacco media campaigns of voluntary agencies.

Publicity surrounding the 25th anniversary of the first U.S. Surgeon General's report on the health consequences of smoking has stimulated public interest in tobacco-related issues and created an environment in which more people are questioning the use of tobacco products. This coincides with the national drive against the misuse of drugs and alcohol. A well-planned antitobacco media campaign could capitalize on these trends and help reduce tobacco-related disease and death in our country.

Some states, such as Michigan, already are undertaking the process of warning their citizens about the dangers of tobacco use. These states are fortunate enough to have the resources and political climates that allow them to present strong antitobacco media messages. But, in order to maintain and expand such efforts, more resources are needed. Federal funding, possibly gained from increased federal tobacco excise taxes, should be channelled through the states for strong and sustained antitobacco media campaigns.

C. The Federal Communications Commission should require the broadcast media to make free air time available for antitobacco public service messages as a condition of licensing.

Experience gained during the period when the Fairness Doctrine was applied to cigarette advertising indicates that antitobacco public service announcements are effective in reducing the use of tobacco products. Analyses have shown that antismoking messages broadcast during this time had a greater impact on smoking behavior than cigarette advertisements, in spite of the fact that the antitobacco campaign was greatly outspent by tobacco industry efforts.

Since the deregulation of the broadcasting industry, there has been a decline in the amount of air time donated for public

service announcements. Consequently, health advocates have been forced to dip further into scarce public funding to purchase broadcast media time. These purchases of air time are expensive, particularly when spots are purchased during the hours when antitobacco messages have the greatest chance of reaching target audiences.

To help ensure that the public is fully informed about the need to avoid cigarettes and other forms of tobacco, the federal government should require that television and radio stations donate a specified amount of air time to antitobacco public service messages as a condition of their broadcast licenses. A portion of this donated public service time should be during prime time hours.

D. The U.S. Food and Drug Administration should be given jurisdiction over regulation of tobacco and other nicotine-bearing products, including the regulation of false and misleading advertising of these products.

Traditionally, the federal government has regulated consumer products for the purpose of protecting the health and safety of U.S. citizens. Although this approach has been used extensively for a host of other products, statutory and administrative exceptions have been made for the tobacco industry. As a result, tobacco products, with rare exceptions in the areas of labeling and advertising, have not been regulated, despite the fact that they are potentially more dangerous than many of the commodities currently monitored.

The U.S. Food and Drug Administration, the agency that would logically have jurisdiction over tobacco products, does not regulate them except when medical claims are made about the products. In fact, cigarettes, smokeless tobacco, and other tobacco products have been excluded from coverage under virtually all the health and safety laws passed by the U.S. Congress since 1964.

Since tobacco is known to be a hazardous substance, both for those who use it and for those who are exposed to its smoke, it should be regulated by the U.S. Food and Drug Administration. This jurisdiction should include the ability to

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restrict tobacco product advertising that contains false or misleading claims.

E. Smoking should be banned on all interstate public conveyances.

Since 1988, federal legislation has banned smoking on all regularly scheduled domestic airline flights of two hours or less. Beginning in February 1990, all domestic airline flights of six hours or less will be smoke-free.

Similar actions should be taken for bus and train transportation. Currently, federal legislation restricts smoking to the rear 30 percent of seats on interstate buses, exposing nonsmoking passengers and drivers to tobacco smoke in an enclosed vehicle. Federal restrictions on smoking in train cars were repealed with the formation of the AMTRAK corporation. AMTRAK itself now limits smoking on its trains to designated smoking cars, but passengers and crew still may have to walk through these cars to reach dining cars and other areas of the trains.

The Michigan Congressional Delegation should promote legislation or regulations requiring smoke-free travel on interstate buses and trains.

F. The following messages should be added to the rotating U.S. Surgeon General warnings on appropriate tobacco packages and advertising: "Warning: Smoking is addictive;" "Warning: Chewing tobacco is addictive;" and "Warning: Use of snuff is addictive."

In 1965, Congress mandated that cigarette packages carry a simple health warning to consumers. Since then, the requirements have been broadened to include strengthened rotating warnings on cigarette and smokeless tobacco packages and tobacco advertisements.

Unfortunately, these improved health warnings do not address the reality that tobacco products are addictive, a fact that is not understood by a great number of young people and

adults. Warnings about the addictive nature of tobacco products could influence potential or current tobacco users in making decisions regarding smoking or the use of smokeless tobacco.

Therefore, the Michigan Congressional Delegation should work to amend the 1984 Comprehensive Smoking Education Act and the Comprehensive Smokeless Tobacco Education Act of 1986 to add the warnings about addiction to tobacco packages and advertisements.

G. The use, or threat, of trade sanctions intended to encourage the export of U.S. tobacco products to foreign markets should be opposed.

As the U.S. market for tobacco shrinks due to increasing public awareness of the health hazards associated with tobacco use, U.S. tobacco manufacturers have maintained profits by forcing entry into foreign markets. In 1987 alone, U.S. tobacco exports increased a staggering 56 percent. This export boom has been facilitated by the use, or threat, of trade sanctions against countries that attempt to restrict sales of U.S. tobacco products within their borders.

Such intimidation tactics raise ethical concerns. On the one hand, federal health agencies are actively fighting to reduce the use of tobacco products in this country. On the other hand, federal trade agencies encourage the export of these same hazardous products to the people of other nations. It also is hypocritical for the United States to attempt to control drug traffic into this country from other parts of the world while assisting U.S. tobacco companies in their efforts to promote and sell a dangerous addictive drug on foreign shores.

The United States government should not use, or threaten to use, trade sanctions to open foreign markets to U.S. tobacco exports.

H. Federal law should require that all combustible tobacco products manufactured or sold in the United States meet strong fire safety standards.

In the United States, more fatal fires are started by smoking materials than by any other source. In 1986, smoking materials ignited more than 45,000 residential fires across the country, resulting in 1,415 deaths and significant property losses.

These tragic results might have been avoided if cigarettes manufactured in the United States were required to meet fire safety standards. The tobacco industry has actively opposed attempts to impose such standards, however, in spite of expert findings that it is technologically possible to produce self-extinguishing cigarettes with a lower potential for starting fires.

A strong federal policy for the fire safety of all combustible tobacco products manufactured in this country would ensure that uniform standards exist for all states. Therefore, the Michigan Congressional Delegation should work to establish such a policy. Tobacco industry attempts to delay or weaken this legislation should be resisted.

 Medicare coverage for tobacco cessation services and medically approved nicotinereplacement therapies should be established.

Tobacco cessation programs and therapies should be available to all tobacco users, regardless of their ability to pay. For many individuals who use tobacco, the price of these services seems quite reasonable. But, for many elderly and disabled persons on Social Security, finding the extra money to pay for a cessation program or nicotine-replacement therapy is difficult at best.

Health care costs of persons on Social Security are usually paid for by Medicare, the federal health insurance program for elderly and disabled Americans. But, like most private insurers, Medicare does not help pay for tobacco cessation programs or nicotine-replacement therapies. This omission exists in spite of the fact that smoking is a major risk factor for heart disease,

cancer, and other fatal diseases and that the health consequences of tobacco use are cumulative, increasing with years of smoking.

In order to make cessation services financially accessible to many elderly and disabled tobacco users, Congress should act to require Medicare coverage for nicotine-replacement therapies and for tobacco cessation services which meet at least minimum criteria for quality and effectiveness.

J. All forms of advertising and promotion of cigarettes, smokeless tobacco, and other tobacco products should be prohibited.

The purpose of advertising is to present the product in a way that will appeal to consumers. Today's advertisers typically do not rely upon strictly factual information to sell their products. Instead, they use images that tie the products to feelings or activities that make potential customers feel good, whether or not those images have anything to do with the item being marketed. Advertisements for tobacco products—the most heavily advertised commodity in the U.S.—exemplify this approach to selling.

Children and adolescents are particularly susceptible to these glorified advertising images. Tobacco manufacturers take great pains to depict their products—and the people who use them—as sexy, fun, and healthy. Target audiences are encouraged to think of tobacco use as an adult activity that can make the user more socially acceptable. Although the tobacco industry denies that it targets advertising toward young people, tobacco advertisements continue to appear in publications with a high youth readership.

The tobacco industry's promotional activities also portray tobacco use as an easy path to the glamours of adulthood. The names of tobacco products are associated with race cars, rock stars, box office hits, and other people and events that appeal to children and adolescents. Role models of smokers are seen in movies and on television, often with the brand name of the product clearly displayed on a package or a sign. Given these promotional tactics, it is not surprising that most tobacco users start the habit as youngsters.

Because federal law allows the states only a limited ability to regulate tobacco advertising, action must be taken on the federal level. In order to reduce the attractiveness of tobacco products to minors (for whom the use of tobacco is illegal in many states), to remove the visual cues that help stimulate former tobacco users to return to the habit, and to eliminate subtle, misleading messages about the social and personal benefits of using tobacco products, all forms of advertising and promotion of tobacco products should be prohibited. The Michigan Congressional Delegation should work toward that end.

K. The federal income tax deduction for advertising of tobacco products should be eliminated.

Like other businesses, tobacco manufacturers enjoy a corporate income tax deduction for expenses related to advertising and promotion of their products. Because of the tobacco industry's use of this deduction, the federal government loses more than \$1 billion in tax revenues each year.

The federal government should not subsidize the advertising or promotion of tobacco products. Such a subsidy works at cross purposes to federal programs to reduce the prevalence of tobacco use in the United States. Furthermore, the revenues lost through this tax deduction could be used to offset the economic burdens that tobacco use places upon society.

The Michigan Congressional Delegation should support the elimination of this tax deduction for the tobacco industry. As an option, Congress could make this tax deduction available only to those tobacco companies that also pay for media messages detailing the negative health effects of tobacco use.

L. Federal price supports for U.S. tobacco growers should be discontinued.

The demand for U.S. tobacco has declined considerably in recent years due to decreased consumption of tobacco products by Americans, the development of manufacturing processes that require less tobacco per cigarette, and increased use of foreign.

tobacco in products manufactured in this country. Tobacco farmers in the United States have survived these changes in demand fairly well, in part because tobacco is one of the six farm crops grown under a federal price support and supply control program. Under this system, farmers agree to limit their production in exchange for a guaranteed buyer and a guaranteed minimum price.

The federal price support system has resulted in a huge surplus of tobacco in the United States. According to the U.S. Department of Health and Human Services, at the end of 1985, federal loans covering these surplus stocks stood at \$3.5 billion, with a projected loss to the U.S. taxpayers of \$1 billion.

The federal government must cease sending a mixed message on tobacco use. It is counterproductive to spend resources to reduce tobacco use and its harmful consequences while at the same time providing financial support to tobacco growers. Such conflicting actions waste needed resources and imply approval of dangerous tobacco products.

The Michigan Congressional Delegation should work to eliminate this conflict by ending the federal program of price supports and supply control for tobacco in the United States.

M. The federal preemption of state regulation of tobacco advertising should be repealed.

The Public Health Cigarette Smoking Act of 1969 prevents states and localities from regulating cigarette advertising and promotion for health-related reasons. This preemption was justified as a means of avoiding conflicting state or local laws in this area. However, the effect of the preemption clause has been to give the tobacco industry a relatively unbridled ability to advertise and promote dangerous tobacco products.

State legislators, and especially local policy-makers, are often in a good position to enact strong legislation and ordinances relative to tobacco because they face less political pressure from the tobacco interests than do members of Congress. The Michigan Congressional Delegation could be instrumental in allowing states wider discretion in regulating or prohibiting tobacco advertising and promotion by amending the Public Health Cigarette Smoking Act of 1969 to remove the federal preemption on such action.

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VI. All organizations and individuals concerned with the health of Michigan's citizens must share responsibility for helping implement the recommendations of this Task Force.

The consequences of tobacco use are shared by all Michigan citizens, whether or not they are tobacco users. Each year, more than 16,000 state residents die prematurely and thousands more become disabled from tobacco-related disease, resulting in suffering and hardship to friends, family, and co-workers. Tobacco smoke in public places harms and annoys smokers and nonsmokers alike. The economic costs of tobacco use drain the public treasury and tap private pocketbooks.

Responsibility for reducing the health consequences and economic impact of tobacco use must be shared by all institutions, groups, and individuals in Michigan concerned about the health and safety of our society.

Therefore, the Task Force recommends that:

A. Members of the Task Force and other state and local organizations should identify and act upon recommendations that require their unique abilities, interest, and influence for effective implementation.

The members of the Michigan Tobacco Reduction Task Force represent a broad range of public and private agencies and organizations interested in reducing the use of tobacco products in Michigan. These members were chosen, in part, because of their ability to bring about action within the constituencies that they represent. As the work of the Task Force is completed, these members take with them the responsibility of furthering the plan that was developed during this effort.

To effectively implement the recommendations of the Task Force, it is necessary to broaden the pool of groups and individuals who will champion the fight against smoking and the use of smokeless tobacco.

Voluntary organizations, education groups, professional societies, local public health departments. community

antitobacco coalitions, and other community groups should recognize the roles they can play in reducing tobacco use in Michigan. Leaders of these groups should study the Task Force report and identify recommendations that can be priorities in their own health promotion activities.

B. The Michigan Department of Public Health should coordinate efforts to implement the recommendations of the Task Force and should prepare periodic progress reports on their implementation.

Groups and individuals who are interested in helping realize the goal of a tobacco-free Michigan should have access to information and support from an agency responsible for coordinating the implementation of the Task Force recommendations. This responsibility should rest with the Michigan Department of Public Health, an agency that not only is charged with protecting the health of Michigan citizens, but that also has the capacity to work effectively on a statewide basis.

As coordinator of these efforts, the Department should prepare periodic reports on the progress toward implementation of the Task Force recommendations. Such a requirement creates accountability among the agencies and groups working to carry out these recommendations, and builds awareness and interest among policy-makers and the public. At a minimum, these reports should be distributed to the Governor, the Michigan Legislature, the Michigan Congressional Delegation, the Michigan Risk Reduction and AIDS Policy Commission, and the Michigan Chronic Disease Advisory Committee, and also be made available to the general public.

C. The Michigan Department of Public Health should work with the Michigan Coalition on Smoking OR Health and other state or local groups to help strengthen public and private political advocacy efforts needed to implement the recommendations of the Task Force.

Many of the Task Force recommendations require legislative action at the federal, state, or local level. Convincing policy-makers of the need for tobacco control actions will require considerable effort. The task will be made more difficult by the political strength of the well-funded and influential tobacco lobby, which is on record as vigorously opposing nearly all tobacco control efforts.

Previous legislative successes on clean indoor air policies, restrictions on sales to minors, and other tobacco issues in Michigan indicate that policy-makers are interested in protecting the public from the hazards of tobacco use. However, only coordinated action on the part of the Michigan Department of Public Health, the Michigan Coalition on Smoking OR Health, and other groups such as local antitobacco coalitions will develop the political strength that is needed to convince policy-makers to approve strong and comprehensive tobacco control measures.

D. The Michigan Department of Public Health should expand its grant program for the development of local community antitobacco coalitions.

The Michigan Department of Public Health has awarded nine grants to create antitobacco coalitions in Michigan communities. Almost half of all Michigan counties are covered by one of these coalitions. The coalitions' activities are varied, and include both health education and policy initiatives.

For instance, several northern Michigan counties working under a coalition grant are considering passage of local ordinances to ban vending machine sales of tobacco products. The Marquette County Tobacco or Health Community Coalition has sponsored "Go for the Gold" contests, in which area smokers have been encouraged to join others across the nation in quitting during the American Cancer Society's "Great American Smokeout." Individuals who could certify that they remained smoke-free during this day-long challenge were eligible to win a gold pendant. Contest publicity fueled public enthusiasm and support for smokers trying to quit.

Other examples of projects that have been or could be implemented by such coalitions include a children's anti-

Recommendations 175

tobacco poster contest and an "adopt a smoker" lottery, in which individuals who support smokers' efforts to quit are eligible for cash prizes.

Local coalitions are ideally suited to help carry out the Task Force recommendations, particularly those that call for local planning and action. To facilitate implementation of the recommendations, as well as other antitobacco actions on the local level, the Michigan Department of Public Health should expand the funding and scope of its grant program for community antitobacco coalitions, allowing all areas of the state to form such groups and benefit from these efforts.

E. The Michigan Department of Public Health and the Michigan Division of the American Cancer Society, with the cooperation of other state and local agencies, should apply for an ASSIST/2000 grant from the National Cancer Institute. This grant should be used to implement the recommendations of the Task Force and further other Michigan-based tobacco control efforts.

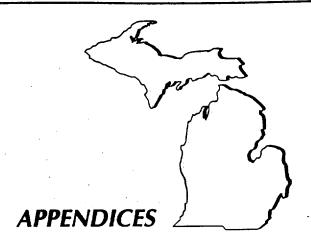
To be successful, implementation of the Task Force recommendations will require substantial organizational and financial resources. Because the budgets of participating organizations are limited, additional sources of funding must be sought to ensure that these important efforts are not put aside for lack of money.

One possible source of help is the ASSIST/2000 grant program administered by the National Cancer Institute. The ASSIST (American Stop Smoking Intervention Study) grants will fund community-based coalitions capable of coordinating tobacco control plans. Each recipient may be awarded more than \$5 million, to be used over a seven-year planning and implementation period.

The Michigan Department of Public Health, in conjunction with the Michigan Division of the American Cancer Society, should apply for an ASSIST/2000 grant to help with implementation of these recommendations and other tobacco

use reduction activities. The proposal should be designed to enhance the ability of existing advocacy groups, voluntary agencies, and local public health departments to reduce smoking and smokeless tobacco use.

Recommendations 177



APPENDIX A

PATTERNS OF TOBACCO USE: DETAILED DATA

Table 1. ANNUAL MICHIGAN PER CAPITA CIGARETTE CONSUMPTION, ADULTS AGED 18 YEARS AND OLDER, 1983-1987

Year	Annual per capita consumption	Percent change from previous year
1983	3,494	
1984	3,499	+0.14%
1985	3,494	-0.14
1986	3,417	-2.25
1987	3,382	-1.02

SOURCE: Michigan Department of Public Health, Center for Health Promotion, Division of Research and Development. Information derived using sales data supplied by the Michigan Department of Treasury, Bureau of Revenue, Motor Fuel, Cigarette and Miscellaneous Taxes Division (Lansing, MI), and population data supplied by the Michigan Department of Public Health, Office of the State Registrar and Center for Health Statistics, Data Users Service Unit (Lansing, MI).

Table 2. ANNUAL U.S. PER CAPITA CIGARETTE CONSUMPTION, ADULTS AGED 18 YEARS AND OLDER, 1964-1987

Year	Annual per capita consumption	Percent change from previous year
1964	4,195	-3.5%
1965	4,259	+1.5
1966	4,287	+0.7
1967	4,280	-0.2
1968	4,186	-2.2
1969	3,993	-4.6
1970	3,985	-0.2
1971	4,037	+1.3
1972	4,043	+0.1
1973	4,148	+3.0
1974	4,141	-0.2
1975	4,123	-0.4
1976	4,092	-0.8
1977	4,051	-1.0
1978	3,967	-2.1
1979	3,861	-2.7 °
1980	3,851	-0.3
1981	3,840	-0.3
1982	3,753	-2.3
1983	3,502	-6.7
1984	3,461	-1.2
1985	3,370	-2.6
1986	3,274	-2.8
1987 (est.)	3,196	-2.4

SOURCE: U.S. Department of Agriculture. *Tobacco Situation and Outlook Report*. (Washington, DC: USDA, Economic Research Service, TS-204, June 1988.)

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Table 3. TRENDS IN U.S. CIGARETTE SMOKING PREVALENCE, ADULTS AGED 20 YEARS AND OLDER, 1965-1987

Year	Smoking prevalence among U.S. adults*
1965	40.4%
1966	40.7
1970	37.0
1974	<i>3</i> 6.9
1976	36.1
1977	35 .6
1978	34.0
1979	33.5
1980	33.3
1983	31.8
1985	30.4
1987 (estimated)	29.1
Trend information	(1965-1985):
% change per ye	ear -0.50%
standard error	±0.03
R ²	0.97

^{*} Data adjusted to the 1985 age distribution of the U.S. population

Table 4. TRENDS IN THE U.S. SMOKING QUIT RATIO, ADULTS AGED 20 YEARS AND OLDER, 1965-1987

Year	Quit Ratio
1965	29.6%
1966	29.5 29.5
1970	35.3
1974	36.3
1976	37.1
1977	36.8
1978	38.5
1979	39.0
1980	39.0
1983	41.8
1985	45.0
1987 (estimated)	44.8
Trend information (1965	5-1985):
% change per year	+0.68%
standard error	±0.05
R ²	0.95

	former smokers
* Quit ratio =	
	current smokers + former smokers

Table 5. TRENDS IN U.S. SMOKING PREVALENCE BY GENDER, ADULTS AGED 20 YEARS AND OLDER, 1965-1987

Year	Males*	Females'
1965	50.2%	31.9%
1966	50.8	32.0
1970	44.3	30.8
1974	43.4	31.4
1976	42.1	31.3
1977	4 0.9	31.4
1978	39.0	29.6
1979	38.4	29.2
1980	38.5	29.0
1983	35.5	28.7
1985	33.2	28.0
1987 (estimated)	31.7	26.8
Trend information (196	(5-1985):	
% change per year	-0.84%	-0:21%
standard error	±0.04	±0.03
R²	0.98	0.81

Data adjusted to the 1985 age distribution of the U.S. population

Table 6. MICHIGAN SMOKING PREVALENCE BY GENDER, ADULTS AGED 18 YEARS AND OLDER, 1982 AND 1987

Year	Males	Females
1982	36.0%	29.6%
1987	28.4	29.4

SOURCES: Data for 1982 are from Holmes, R.E., Harding, S.H., Lafkas, G.A., Eyster, J.T., and DeGuire, P.J. *Michigan Opinion: Behavioral Risk Factors*. (Lansing, MI: Michigan Department of Public Health, 1983.) Data for 1987 are from Mayer, J.M. Thrush, J., Chan, V., and Mills, E.M. *Health Risk Behaviors: 1987*. (Lansing, MI: Michigan Department of Public Health, February 1988.)

Table 7. TRENDS IN U.S. CIGARETTE SMOKING QUIT RATIO BY GENDER, ADULTS AGED 20 YEARS AND OLDER, 1965-1987

Year	Males	Females
	21 407	24 604
1965	31.4%	24.6%
1966	31.4	24.2
1970	37.9	29.2
1974	39.3	30.8
1976	39.9	32.1
1977	40.3	31.3
1978	41.3	33.8
1979	41.5	34.0
1980	41.5	34.0
1983	44.1	37.6
1985	49.0	40.0
1987 (estimated)	48.7	40.1
Trend Information (196	55-1985):	
% change per year	+0.73%	+0.73%
standard error	±0.06	±0.05
R ²	0.94	0.96

Table 8. MICHIGAN SMOKING QUIT RATIO BY GENDER, ADULTS AGED 18 AND OLDER, 1982 AND 1987

Year	Males	Females
1982	46.7%	36.9%
1987	50.0	37.3

SOURCE: Michigan Department of Public Health, Center for Health Promotion, Division of Research and Development, using Michigan-specific BRFS data. Data for 1982 are from Holmes, R.E., Harding, S.H., Lafkas, G.A., Eyster, J.T., and DeGuire, P.J. *Michigan Opinion: Behavioral Risk Factors*. (Lansing, MI: Michigan Department of Public Health, 1983.) Data for 1987 are from Mayer, J.M., Thrush, J., Chan, V., and Mills, E.M. *Health Risk Behaviors: 1987*. (Lansing, MI: Michigan Department of Public Health, February 1988.)

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Table 9. TRENDS IN U.S. SMOKING PREVALENCE BY RACE, ADULTS AGED 20 YEARS AND OLDER, 1965-1987

Year	Whites	Blacks
1965	40.0%	43.0%
1966	40.4	42.9
1970	36.5	41.4
1974	36.1	44.0
1976	35.6	41.2
1977	34.9	41.8
1978	33.6	38.2
1979	33.2	36.8
1980	32.9	37.2
1983	31.4	36.6
1985	29.9	36.0
1987 (estimated)	28.8	34.0
Trend Information (196	5-1985):	
% change per year	-0.50%	-0:399
standard error	±0.03	±0.08
R ²	0.97	0.74

Table 10. MICHIGAN SMOKING PREVALENCE BY RACE, ADULTS AGED 18 YEARS AND OLDER, 1982 and 1987

Year	Whites	Blacks
1982	33.1%	27.6%
1987	28.3	34.8

SOURCES: Data for 1982 are from Holmes, R.E., Harding, S.H., Lafkas, G.A., Eyster, J.T., and DeGuire, P.J. *Michigan Opinion: Behavioral Risk Factors*. (Lansing, MI: Michigan Department of Public Health, 1983.) Data for 1987 are from Mayer, J.M., Thrush, J., Chan, V., and Mills, E.M. *Health Risk Behaviors: 1987*. (Lansing, MI: Michigan Department of Public Health, February 1988.)

Table 11. TRENDS IN U.S. SMOKING QUIT RATIO BY RACE, ADULTS AGED 20 YEARS AND OLDER, 1965-1987

Year	Whites	Blacks
1965	30.5%	22.8%
1966	30.4	22.6
1970	36.7	23.2
1974	38.0	21.8
1976	38.4	26.3
1977	38.2	24.8
1978	39.9	27.5
1979	40.3	28.0
1980	40.4	27.7
1983	43.3	29.3
1985	46.7	31.8
1987 (estimated)	46.4	31.5
•		
Trend information (190	55-1985)::	
% change per year	+0.72%	+0.430
standard error	±0.06	±0.07
\mathbb{R}^{2}	0.94	0.82

Table 12. TRENDS IN U.S. SMOKING PREVALENCE BY EDUCATIONAL LEVEL, ADULTS AGED 20 YEARS AND OLDER, 1966-1987

	Less than igh school graduate	High school graduate	Some college	College graduate
1966	36.5%	41.1%	42.5%	33.7%
1970	34.8	38.3	36.7	28.1
1974	36.5	37.6	36.9	28.3
1976	35.8	37.8	36.4	27.4
1977	35.8	38.4	35.2	25.6
1978	35.3	36.5	32.7	23.8
1979	34.9	35.4	33.3	23.4
1980	35.5	35.7	31.2	24.6
1983	34.7	35.6	30.0	19.9
1985	35.7	34.2	28.1	18.4
1987 (est.)	35.7	33.1	26.1	16.3
Trend info	ormation (1960	5-1985):		
year standard	-0.06%	-0.32%	-0.70%	-0.76%
error	±0.03	±0.05	±0.07	±0.08
R ²	NA*	0.87	0.94	0.93

^{*} The slope of the regression line was not significantly different from zero, making the R² computation inappropriate.

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Table 13. TRENDS IN U.S. SMOKING QUIT RATIO BY EDUCATIONAL LEVEL, ADULTS AGED 20 YEARS AND OLDER, 1966-1987

l Year	Less than nigh school graduate	High school graduate	Some college	College graduate
1966	33.3%	28.0%	28.7%	39.7%
1970	38.1	33.6	34.9	48.2
1974	38.0	35.2	36.6	47.9
1976	39.5	35.0	37.2	46.1
1977	38.3	34.0	36.8	48.6
1978	38.7	36.3	41.0	49.7
1979	40.8	36.7	37.5	50.6
1980	39.4	36.5	40.6	48.7
1983	42.1	38.7	41.2	54.9
1985	41.3	40.5	46.0	61.1
1987 (est.) 39.7	40.9	46.9	61.4
Trend info	ormation (1966 ge/	5-1985):		
year standar	+0.41% d	+0.57	+0.73%	+0.85%
error	±0.06	±0.07	±0.10	±0.16
R ²	0.85	0.89	0.88	0.78

Table 14. SMOKING PREVALENCE OF U.S. HIGH SCHOOL SENIORS, 1975-1987

Year	Daily smokers	Less than daily smokers	Previous smokers, not in last month	Never smokers
1975	27 %	10 %	37.%	26%
1976	29	10	36	25
1977	29	10	38	24
1978	28	9	38	25
1979	26	9.	40	26
1980	21	9	41	29
1981	20	9.	42	29
1982	21	9	40	30
1983	20	9	41	29
1984	18	11	41	30
1985	19	11	39	31
1986	18	11	38	32
198-	19	11	38	33

SOURCE: Johnston, L.D., O'Malley, P.M., and Bachman, J.G. National Trends in Drug Use and Related Factors Among High School Students and Young Adults, 1975-1986. (Rockville, MD: U.S. Department of Health and Human Services, Public Health Service, Alcohol, Drug Abuse, and Mental Health Administration, National Institute on Drug Abuse. DHHS Publication No. [ADM] 87-1535, 1987.)

Table 15. U.S. SMOKING PREVALENCE BY EDUCATIONAL LEVEL AND GENDER, ADULTS AGED 20 to 24 YEARS OLD, 1965-1987

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		High school graduate or less		At least some college	
Year	Overall population	Male	Female	Male	Female
1965	47.8%	63.6%	42.6%	42.7%	34.5%
1966	47.7	65.1	41.3	43.5	34.7
1970	41.5	60.0	40.2	33.2	26.8
1974	39.5	52.7	40.1	34.7	26.4
1976	39.6	54.1	41.0	34.4	23.0
1977	38.8	52.2	43.0	24.0	27.5
1978	35.4	46.8	39.3	25.9	21.1
1979	35.8	47.1	41.9	23.8	22.1
1980	36.1	50.1	40.3	20.1	19.4
1983	36.9	49.1	45.5	16.2	22.9
1985	31.8	43.0	43.6	15.5	17.2
1	est.) 29.5	43.8	37.6	16.3	15.1
!	information (1	965-1985):			
ye	<u> </u>	-1.00%	+0.10%	-1.51%	-0.72%
en	ror ±0.09	±0.13	±0.10	±0.13	±0.15
R ²	0.86	0.87	NA*	0.95	0.75

^{*} The slope of the regression line was not significantly different from zero, making the R² computation inappropriate.

SOURCE: U.S. Department of Health and Human Services, National Center for Health Statistics, Division of Health Interview Statistics: Data from the National Health Interview Surveys (Atlanta, GA). (Data computed by the Division of Epidemiology and Health Promotion from data compiled by the Division of Health Interview Statistics.)

APPENDIX B

STANDARD ERRORS FOR MICHIGAN BRFS SMOKING PREVALENCE DATA

Standard errors of the computed percentages included in Chapter 2 are presented below. Exact standard error values for 1982 are not available, but ranges for these standard errors are included in the table. Standard errors for quit ratios are not available.

Population Group	1982	1987	
Current Smokers	not available	± 2.07	
Former Smokers	not available	± 1.92	
Never Smokers	not available	± 2.28	
10 or Fewer Cigarettes	not available	± 2.03	
11-19 Cigarettes	not available	± 1.59	
20 Cigarettes	not available	± 2.18	
21-30 Cigarettes	not available	± 1.57	
30 or More Cigarettes	not available	± 1.40	
Michigan Females	± 1.8-1.9	± 2.96	
Michigan Males	± 1.9-2.2	± 2.90	
Michigan Blacks	± 3.5-4.9	± 7.02	
Michigan Whites	± 1.4-1.6	± 2.20	
Less than High School			
Graduate	± 2.7-3.2	± 5.15	
High School Graduate	± 2.0-2.4	± 3.31	
Some College	± 2.8-3.5	± 4.12	
College Graduate	± 3.0-3.7	± 4.38	
Less than \$10,000	not available	+ 5.57	
\$10,000-\$19,000	not available	+ 4.82	
\$20,000-\$35,000	not available	+ 3.87	
Greater than \$35,000	not available	+ 4.15	
18-24 Year Olds	± 3.2-3.8	± 4.27	

APPENDIX C

SIGN USED IN MASSACHUSETTS TO WARN AGAINST THE SALE OF TOBACCO PRODUCTS TO MINORS

Sale of Cigarettes (or any tobacco product)



to persons under age 18 is illegal

Whoever sells a cigarette, chewing tobacco, snuff or any tobacco in any of its forms to any person under the age of eighteen or, not being his parent or guardian, gives a cigarette, chewing tobacco, snuff or tobacco in any of its forms to any person under the age of eighteen shall be punished by a fine of not less than one hundred dollars for the first offense, not less than two hundred dollars for a second offense and not less than three hundred dollars for any third or subsequent offense.

APPENDIX D

MODEL CLEAN INDOOR AIR ACT*

Sec. 1. Title

This Act shall be known as the Clean Indoor Air Act.

Sec. 2. Findings and Purpose

The legislature hereby finds:

Numerous studies have found that tobacco smoke is a major contributor to indoor air pollution; and

Reliable studies have shown that breathing secondhand smoke is a cause of disease, including lung cancer, in healthy nonsmokers. At special risk are elderly people, individuals with cardiovascular disease, and individuals with impaired respiratory function, including asthmatics and those with obstructive airway disease; and

Numerous studies have shown that the majority of both nonsmokers and smokers desire to have restrictions on smoking in public places and places of employment; and

Smoking is a potential cause of fires, and cigarette and cigar burns and ash stains on merchandise and fixtures which cause losses to businesses.

Accordingly, the legislature finds and declares that the purposes of this Act are (1) to protect the public health and welfare by prohibiting smoking in public places except in designated smoking areas, and by regulating smoking in places of employment; and (2) to strike a reasonable balance between the needs of persons who smoke and the right of nonsmokers to breathe smokefree air, and to recognize that the right to breathe smokefree air shall take priority.

^{*} This model Act was written by: Americans for Nonsmokers' Rights, 2054 University Avenue, #500. Berkeley: CA: 94704:

Sec. 3. Definitions

The following words and phrases, when used in this Act, shall be construed as defined in this section:

- "Bar" means an area which is devoted to the serving of alcoholic beverages for consumption by guests on the premises and in which the service of food is only incidental to the consumption of such beverages. Although a restaurant may contain a bar, the term "bar" shall not include the restaurant dining area.
- 2. "Business" means any sole proprietorship, partnership, corporation or other business entity formed for profit-making purposes, including retail establishments as well as professional corporations and other entities where legal, medical, or other professional services are delivered.
- 3. "Dining Area" means any enclosed area containing a counter or tables upon which meals are served.
- 4. "Employee" means any person who is employed by any employer in the consideration for direct or indirect monetary wages or profit, and any person who volunteers his or her services to a non-profit entity.
- "Employer" means any person, partnership, corporation, including a municipal corporation, or non-profit entity, who employs the services of one or more individual persons.
- "Enclosed Area" means all space between a floor and ceiling which is enclosed on all sides by solid walls or windows (exclusive of door or passageways).
- 7. "Non-Profit Entity" means any corporation, unincorporated association or other entity created for charitable, educations, or other similar purposes. A public agency is not a "non-profit entity" within the meaning of this section.

- 8. "Place of Employment" means any enclosed area under the control of a public or private employer which employees normally frequent during the course of employment, including, but not limited to, work areas, employee lounges and restrooms, conference rooms, and hallways.
 - a. A private residence is not a "place of employment" unless it is used as a child care or health care facility.
 - b. The dining area of a restaurant is not a "place of employment".
- 9. "Public Place" means any enclosed area to which the public is invited or in which the public is permitted, including but not limited to, banks, health care facilities, public transportation facilities, reception areas, restaurants, retail food production and marketing establishments, retail service establishments, retail stores, theatres and waiting rooms.
- 10. "Restaurant" means any coffee chop, cafeteria, private and public school cafeteria or eating establishment, and any other eating establishment which gives or offers for sale food to the public, patrons or employees, except that the term "restaurant" shall not include a cocktail lounge or tavern if said cocktail lounge or tavern is a "bar" as defined in section 3(1).
- 11. "Retail Tobacco Store" means a retail store utilized primarily for the sale of tobacco products and accessories and in which the sale of other products is merely incidental.
- 12. "Service Line" means any indoor line at which one (1) or more persons are waiting for or receiving service of any kind.
- 13. "Smoking" means inhaling, exhaling, burning or carrying any lighted cigar, cigarette, or other combustible substance in any manner or in any form.

14. "Sports Arena" means sports pavilions, gymnasiums, health spas, swimming pools, roller and ice rinks, bowling alleys and other similar places where members of the general public assemble either to engage in physical exercise, participate in athletic competition or witness sports events.

Sec. 4. Application of Article to State-Owned Facilities

All enclosed facilities owned by the State of , shall be subject to the provisions of this Act.

Sec. 5. Prohibition of Smoking in Public Places

- A. Smoking shall be prohibited in all enclosed public places within the State of , including, but not limited to, the following places, and with the following exceptions:
 - 1. Elevators.
 - 2. Buses, taxicabs, and other means of public transit, and ticket, boarding, and waiting areas of public transit depots.
 - 3. Restrooms.
 - 4. Service lines.
 - 5. Retail stores, except areas in said stores not open to the public and all areas within retail tobacco stores.
 - All areas available to and customarily used by the general public in all businesses and non-profit entities patronized by the public.
 - 7. Restaurants, provided, however, that this prohibition does not prevent (a) designation of a contiguous area within a restaurant that contains a maximum of fifty percent (50%) of the seating capacity of the restaurant as a smoking area, or (b) providing separate rooms for smokers and nonsmokers, so long as the rooms designated for

- smoking do not contain more than fifty percent (50%) of the seating capacity of the restaurant.
- Public areas of aquariums, galleries, libraries and museums when open to the public; provided, however, that this prohibition does not prevent the designation of a separate room for smoking in such areas.
- Any building not open to the sky which is primarily used for exhibiting motion picture, stage, musical recital or other performance, except when smoking is part of a stage production.
- 10. Sports arenas and convention halls, except in designated smoking areas.
- 11. Every place of meeting or public assembly, including school buildings under the control of any board, commission, committee, or agencies of the State during such time as a public meeting is in progress.
- 12. Waiting rooms, hallways, wards and semiprivate rooms of health facilities, including, but not limited to, hospitals, clinics, physical therapy facilities, doctors' offices, and dentists' offices.
- 13. Polling places.
- B. Notwithstanding any other provision of this section, any owner, operator, manager or other person in control of a facility described in this section may declare that entire facility as a nonsmoking area.

Sec. 6. Regulation of Smoking in Places of Employment

A. It shall be the responsibility of employers to provide smoke-free areas for nonsmoking employees within existing facilities to the maximum extent possible, but employers are not required to incur any expense to make physical modifications in providing these areas.

- B. Within 90 days of the effective date of this Act, each employer having an enclosed place of employment shall adopt, implement, make known and maintain a written smoking policy which shall contain at a minimum the following requirements:
 - 1. Any employee in a place of employment shall have the right to designate his or her work area as a nonsmoking area and to post the same with an appropriate sign or signs, to be provided by the employer. If, due to the proximity of smokers, size of the work area, poor ventilation or other factors, such designation does not reduce the effects of smoke to the satisfaction of the employee, the employer shall make additional accommodation by expanding the size of the work area subject to the prohibition against smoking or implementing other measures reasonably designed to eliminate the effects of smoke on the employee.
 - 2. Smoking shall be prohibited in all common work areas in a place of employment, unless every person who works in that area agrees in writing that a smoking area will be designated.
 - Prohibition of smoking in auditoriums, classrooms, conference and meeting rooms, elevators, hallways, medical facilities and restrooms.
 - 4. Provision and maintenance of separate and contiguous nonsmoking areas of not less than fifty percent (50%) of the seating capacity and floor space in cafeterias, lunchrooms, and employee lounges or provision and maintenance of separate and equal sized cafeterias, lunchrooms, and employee lounges for smokers and nonsmokers.
 - In any dispute arising under the smoking policy, the health concerns of the nonsmokers shall be given precedence.
- C. The smoking policy shall be communicated to all employees within three (3) weeks of its adoption.

- D. All employers shall supply a written copy of the smoking policy upon request to any existing or prospective employee.
- E. Notwithstanding any other provision of this section, every employer shall have the right to designate any place of employment, or any portion thereof, as a nonsmoking area.

Sec. 7. Where Smoking Not Regulated

- A. Notwithstanding any other provision of this Act, the following areas shall not be subject to the smoking restrictions of this Act:
 - 1. Bars.
 - 2. Private residences, except when used as a child care or health care facility.
 - 3. Hotel and motel rooms rented to guests.
 - 4. Retail tobacco stores.
 - Restaurants, hotel and motel conference or meeting rooms, and public and private assembly rooms while these places are being used for private functions.
 - 6. A private enclosed office workplace occupied exclusively by smokers.
- B. Notwithstanding any other provision of this section, any owner, operator, manager or other person who controls any establishment described in this section may declare that entire establishment as a nonsmoking establishment.

Sec. 8. Posting of Signs

A. "Smoking" or "No Smoking" signs, whichever are appropriate, with letters of not less than one inch (1") in height or the international "No Smoking" Symbol (consisting of a pictorial representation of a burning cigarette enclosed in a red circle with a red bar across it) shall be clearly and conspicuously posted in every

building or other place where smoking is regulated by this Act by the owner, operator, manager or other person having control of such building or other place.

- B. Every theatre owner, manager or operator shall conspicuously post signs in the lobby stating that smoking is prohibited within the theatre or auditorium.
- C. Every restaurant shall have posted at every entrance a conspicuous sign clearly stating that a nonsmoking section is available, and every patron shall be asked as to his or her preference.

Sec. 9. Enforcement

- A. Enforcement of this Act shall be implemented by the Department of Health.
- B. Any citizen who desires to register a complaint under this chapter may initiate enforcement with the Department of Health.
- C. Any owner, manager, operator or employee of any establishment regulated by this Act may inform persons violating this Act of the appropriate provisions thereof.
- D. Notwithstanding any other provision of this Act, a private citizen may bring legal action to enforce this Act.

Sec. 10. Violations and Penalties

- A. It shall be unlawful for any person who owns, operates or otherwise controls any premises subject to regulation under this Act to fail to comply with any of its provisions.
- B. It shall be unlawful for any person to smoke in any area where smoking is prohibited by the provisions of this
- C. Any person who violates any provision of this Act shall be guilty of an infraction, punishable by:

- 1. A fine not exceeding one hundred dollars (\$100.00) for a first violation.
- 2. A fine not exceeding two hundred dollars (\$200.00) for a second violation of this Act within one (1) year.
- 3. A fine not exceeding five hundred dollars (\$500.00) for each additional violation of this Act within one (1) year.

Sec. 11. Nonretaliation

No person or employer shall disci. ge, refuse to hire or in any manner retaliate against any employee or applicant for employment because such employee or applicant exercises any rights afforded by this Act.

Sec. 12. Other Applicable Laws

This Act shall not be interpreted or construed to permit smoking where it is otherwise restricted by other applicable laws.

Sec. 13. Local Ordinances

This Act does not prohibit any political subdivision of the State from adopting a more stringent ordinance that regulates or prohibits smoking in the workplace, public places, or restaurants.

Sec. 14. Severability

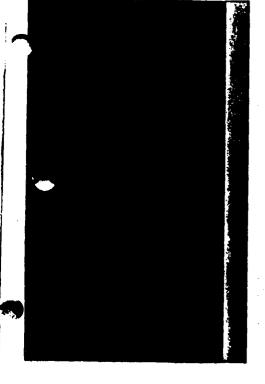
If any provision, clause, sentence or paragraph of this Act or the application thereof to any persons or circumstances shall be held invalid, such invalidity shall not affect the other provisions of this Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

Sec. 15. Effective Date

This Act shall be effective thirty (30) days from and after the date of its adoption.



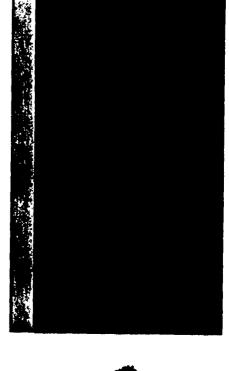
MHI Worksite Wellness Program, FY1988/1989 Annual Report, Executive Summary

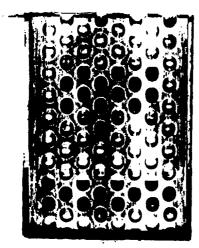


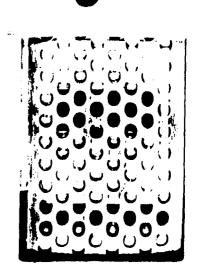
MICHIGAN HEALTH INITIATIVE WORKSITE WELLNESS PROGRAM



ANNUAL REPORT/FY 1988-1989 EXECUTIVE SUMMARY







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"...many of our employees have taken dramatic steps to change their lifestyles to effect health improvements...the MHI funds programs which work!"

-Robert Niemi, Marquette County Transit Authority, Marquette, MI

"...This is a new program but with two powerful messages;...that the legislature is committed long term to investing in health and disease prevention...that the State is interested in working to reduce health care costs for employers..."

-Nancy Bracke, Ingham Medical Center, Lansing, MI

"...This program has attracted overwhelming participation in just a few months. It serves as an incentive for worksites to initiate wellness activities..."

-Mickey Walsh, UAW, International Union, Detroit, MI

Introduction

In late 1987, the Michigan Health Initiative (MHI), sponsored by Senator William A. Sederburg (R), Lansing, and Representative Robert L. Emerson (D), Flint, was passed by the Michigan Legislature. It was subsequently signed into law by Governor James J. Blanchard. The MHI is implemented by the Michigan Department of Public Health under the direction of Raj M Wiener, State Health Director.

This innovative legislation was the first of its kind in the nation. Its uniqueness created a great national interest in this program including requests for information, consultation, and presentations from state and federal agencies, business and business organizations, and professional organizations. In addition, the Centers for Disease Control has written a monograph outlining the passage and implementation of this legislation to encourage other states to replicate this model.

The MHI legislation was targeted to control and diminish the leading preventable diseases in Michigan, including AIDS, tobacco related illness, hypertension, obesity, poor nutrition and substance abuse. The MHI created a structure to establish policy for risk reduction and prevention strategies, funding wellness programs at the worksite, funding educational efforts, informational activities and establishing local networks of care for AIDS patients.

One component of the legislation is the MHI Worksite Wellness Program. This program offers small and medium sized worksites, or consortia of worksites, the opportunity to receive small grants for developing employee wellness programs. Wellness, or health promotion, programs are a means for reducing employee health risks while helping to control rising health care costs. Reduced health care costs reduce employer costs, thus, making Michigan businesses more competitive. MHI puts state resources to work by funding cost-effective worksite wellness activities designed to improve Michigan businesses and employees' health!

Distribution of Grants

There were 798 worksites which received 1.8 million dollars, or approximately \$2,250 per worksite, in MHI worksite wellness funds. Total grant requests, however, were \$2,727,673 which exceeded the amount distributed by \$927,673. The interest and demand in MHI worksite wellness grants, therefore, far exceeded the amount of funding available.

The implementation of this program was accomplished through the cooperation and dedication of many organizations in state and local government and the private sector. Eight (8) Worksite Wellness Regional Technical Assistance Centers (Regional Centers) were established to implement the program on a MHI regional level.

The Department of Commerce, together with their local Community Growth Alliances, assisted the Regional Centers and the Michigan Department of Public Health in marketing this program to worksites.

Funded Worksite Wellness Programs

To insure that worksite grantees use qualified service providers, the "Interim Recommendations for Providers of Health Promotion Services" were developed. Approximately 250 providers self-certified that they met these minimum program requirements.

The program funded 15 wellness services.

- ☐ Aerobic Exercise
- ☐ Alcohol/Substance Abuse Education
- ☐ Fitness/Exercise Testing
- ☐ Blood Cholesterol Screening
- Blood Pressure Screening and/or Education
- ☐ Health Risk Appraisal
- ☐ Informational Campaigns
- ☐ Internal Monitoring/Evaluation
- ☐ Nutrition Education
- ☐ Program Planning
- ☐ Safety Belt Education/Programs
- ☐ Smoking Cessation
- ☐ Stress Management
- ☐ Weight Loss/Nutrition
- ☐ Woman's Health Education

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Response from Michigan Business

During the first year, 1,115 worksite applications were received. Of those, 798 were funded, and 317 were not funded due to depletion of funding or substandard applications. There were 170,133 employees, employee family members, and retired employees expected to participate in worksite wellness programs.

Worksites receiving grants represented both the private and public sector. Fifty-four percent of the grants were awarded to private sector worksites, while 16% were awarded to school districts and 30% to other public employers.

The overwhelming amount of applications received and requests for funding indicated a positive response from Michigan worksites to the MHI program.

Special Projects

Special projects were begun to create a continuing supply of cost-effective and innovative health promotion applications.

These projects include:

Worksite Mammography Demonstration Project

Mammography screening will be piloted at a Michigan worksite to evaluate the effects of accessibility, both financial and location, on the use of mammography screening by women.

Clean Air - Private Business

Demonstration Project

The American Lung Association "Team Up For Freedom From Smoking (TUFFS)" will be demonstrated and evaluated at a Michigan worksite. If successful, a marketing plan will be developed to disseminate TUFFS to other Michigan worksites.

* Disability Management

A Disability Management model was developed for the prevention of the major disabling condition at worksites, low back pain. Testing of the model and implementation at a worksite is anticipated.

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❖ Health Risk Appraisal

Health behavior norms for Michigan worksites will be identified through the collection of worksite health risk appraisal data around the state. These norms will assist worksites in selecting the most appropriate wellness programs for their workers.

Michigan Health and Social Security
Research Institute Project

Wellness programs, initiated by the United Auto Workers Union (UAW), were begun at three sites. The goal of this project is to identify and disseminate those worker/ union initiated factors which improve participation rates for worksite wellness programs.

The UAW project completed phase I of its implementation plan with health screening and health risk appraisals offered at three UAW sites. Participation rates at all three sites were high for both union (hourly) and salaried employees. Total participation rates at these

sites include: 87% for Site 1; 72% for Site 2; and 58% for Site 3.

Evaluation

()

The evaluation system was designed to assess the operation and process of the MHI Worksite Wellness program. It analyzes variables such as grant distribution, grant levels, worksite sizes, and types of employers. The performance of providers, Regional Centers, and other key players in the MHI program will be reviewed and evaluated as well.

Health Management Associates, Inc. (HMA) of Lansing was selected as the evaluator through the competitive bid process of the State. HMA will coordinate the evaluation process with its subcontractor, Lansing Computer Institute, and its financial consultant, Peat Marwick Main & Company.

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The MHI legislation created a blue print for coordinating private and public efforts to reduce preventable death and disability. The inspiring response from worksites, employees, local public health, and service providers demonstrated a strong willingness to work together to improve the health of Michigan's workforce. This innovative program has gained nationwide recognition, establishing Michigan as a leader in worksite health promotion *

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

STATE OF MICHIGAN

FISCAL YEAR ENDED SEPTEMBER 30, 1989

Prepared By:

THE DEPARTMENT OF MANAGEMENT AND BUDGET SHELBY P. SOLOMON, DIRECTOR

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James J. Blanchard, Governor



STATE OF MICHIGAN OFFICE OF THE GOVERNOR LANSING

JAMES J. BLANCHARD GOVERNOR

March 13, 1990

Members of the Legislature and Citizens of the State of Michigan:

Fiscal integrity has been the cornerstone of our state's resurgence. It allows us to make the investments necessary to prepare our citizens for a new decade. Seven consecutive honestly balanced budgets have saved Michigan taxpayers more than \$1 billion in borrowing costs since 1983 and afforded us the opportunity to accumulate the third largest Budget Stabilization Fund in the nation.

As we reach for the future, we will continue to manage our money wisely and maintain our absolute commitment to fiscal integrity while making new investments in education, public safety, the environment and innovative solutions to the problems facing Michigan citizens.

The fiscal integrity of our state is detailed in this Comprehensive Annual Financial Report. It has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and is presented to Michigan's Legislature, its citizens and the financial community to foster an increased understanding of Michigan's fiscal strength.

The auditor's opinion is again unqualified, demonstrating our continued communitment to follow accounting and financial reporting practices that meet the nation's highest and most stringent professional accounting standards.

This report attests to the continued integrity of Michigan's financial practices.

Sincerely,

James J. Blanchard

Governor

STATE OF MICHIGAN COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED SEPTEMBER 30, 1989 TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Title Page	iv vi xii xiii
II. FINANCIAL SECTION	
Independent Auditor's Report	2 3
General Purpose Financial Statements	
Combined Balance Sheet - All Fund Types and Account Groups	
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — General and Special Revenue Funds	
Fund Balances — Proprietary Fund Types and Similar Trust Funds	1.1
Supplemental Financial Data — Combining Financial Statements and Schedules	
Special Revenue Funds — By Classification: Combining balance sheet	64
Combining statement of revenues, expenditures, and changes in fund balances	
Special Revenue Funds - Transportation Related: Combining balance sheet	74
Combining statement of revenues, expenditures, and changes in fund balances	
Special Revenue Funds - Conservation and Recreation Related:	
Combining balance sheet	84 86
budget and actual	
Combining balance sheet	96
budget and actual	
Combining balance sheet	106
budget and actual	108
Combining balance sheet	114 116
Combining balance sheet	120 122

STATE OF MICHIGAN COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED SEPTEMBER 30, 1989 TABLE OF CONTENTS (Continued)

	Page
Supplemental Financial Data — Combining Financial Statements and Schedules (Continued)	
Continue Describer Continue	
Capital Projects Funds: Combining balance sheet	126
Combining statement of revenues, expenditures, and changes in fund balances	120
	128
Enterprise Funds — By Classification: Combining balance sheet	120
Combining Dalance Sneet	130
Combining statement of revenues, expenses, and changes in retained earnings	131
Combining statement of changes in financial position	132
Enterprise Funds - State Funds: Combining balance sheet	124
Combining statement of revenues, expenses, and changes in retained earnings	134:
Combining statement of revenues, expenses, and changes in retained earnings	
Enterprise Funds - Component Units:	130
Combining balance sheet	142
Combining statement of revenues, expenses, and changes in retained earnings	144
Combining statement of changes in financial position	
Internal Service Funds:	170
Combining balance sheet	150
Combining statement of revenues, expenses, and changes in retained earnings	152
Combining statement of changes in financial position	
Trust and Agency Funds — By Classification — combining balance sheet	157
Expendable Trust Funds:	
Combining balance sheet	160
Combining statement of revenues, expenditures, and changes in fund balances	
Pension Trust Funds:	
Combining balance sheet	166
Combining statement of revenues, expenses, and changes in fund balances	168
Agency Funds:	
Combining statement of changes in assets and liabilities	17.2
	_
Supplemental Financial Data - Schedules	
Schedule of general fixed assets account group by function	1.7.7
Revenue Funds - state funds	180
III. STATISTICAL SECTION	
Statistical Data	
Required supplementary historical trend information — pension plans	188
Revenue, bond proceeds, and capital lease acquisitions - General and Special Revenue	10.
Funds - state funds	194
Schedule of expenditures by function — General and Special Revenue Funds — state funds	196
Ratio of annual debt service expenditures for general obligation bonded debt	100
to total General Fund expenditures and transfers	198
Net general obligation bonded debt per capita	199
Debt service coverage - State Trunkline fund related bonds	202
Forest to and Control Date	
Economic and Social Data	
Economic and social data	206
LEGITORITE BITO 30CTAT ORCA	200
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Statements and schedules are truncated to thousands of dollars. Because of this, they may not ad	d to
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JAMES J. BLANCHARD, Governor

DEPARTMENT OF MANAGEMENT AND BUDGET

P.O. BOX 30026, LANSING, MICHIGAN 48909 SHELBY P. SOLOMON, Director

The Honorable James J. Blanchard, Governor Members of the Legislature People of the State of Michigan

In compliance with Article IX, Section 21, of the State of Michigan Constitution and Michigan Public Act 431 of 1984, I am very pleased to submit the Comprehensive Annual Financial Report of the State of Michigan for the fiscal year ended September 30, 1989.

INTRODUCTION TO THE REPORT

<u>Responsibility</u>: This report is prepared by the Department of Management and Budget, Office of Accounting, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and reported in a manner designed to fairly present the financial position and results of operations of the various funds and account groups of the State. All disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial affairs have been included.

<u>Compliance with Accounting Standards</u>: As required by statute, the financial statements are prepared in accordance with generally accepted accounting principles (GAAP). We have also voluntarily chosen to follow the recommendations of the Government Finance Officers Association for the contents of government financial reports.

Method of Presentation: The term "Comprehensive Annual Financial Report" is used to describe all of the data presented in this report. The report is divided into three major sections: introductory, financial, and statistical. The introductory section includes this letter, the State's organization chart, and the list of principal officials. The financial section includes: the "General Purpose Financial Statements," which combine funds and component units with similar accounting objectives in columns of fund types; the auditor's opinion on the General Purpose Financial Statements; and, the supplemental financial data section, which includes the combining financial statements and schedules. The statistical section includes such items as trend information, information on debt levels, and other selected economic and statistical data.

Reporting Entity: This report includes all the funds and account groups for all activities of the State government, as required by GAAP. Basically, this includes the nineteen Executive Branch departments, the tegislature, and the State portion of the court system. It also includes autonomous entities which are not accounted for in the central accounting system but over which the State exercises, or has the ability to exercise, significant oversight. These autonomous entities are referred to as "component units" and they include the following organizations: State Building Authority, Michigan Higher Education Facilities Authority, Michigan Family Farm Development Authority, Mackinac Bridge Authority, Michigan Unemployment Compensation Fund, Michigan State Hospital Finance Authority, Michigan Education Trust, Michigan Higher Education Student Loan Authority, Michigan Higher Education Assistance Authority, Mackinac Island State Park Commission, Michigan Strategic Fund, and Michigan State Housing Development Authority. In this report, the statements for these component units are "blended" with the statements for the funds in the State's accounting system. Because many readers are also interested in information which excludes component units, we have presented details in the combining statements, schedules, and notes which permit the segregation of those amounts.

Other organizations which do not meet the GAAP criteria for inclusion and which are, therefore, not included in this report are the several public institutions of higher education and the portions of the court system which are considered to be local units of government. An organization not currently includable in this report, but that is expected to be included in next year's report is the Accident Fund. In recent years, the State has not had the ability to exercise oversight over this organization, which is a provider of workers' compensation insurance. Litigation between the State and the Accident Fund that had precluded the State from exercising control over the fundi has been recently resolved in the State's favor.

ECONOMIC CONDITION AND OUTLOOK

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The State's financial condition remains strong. We have again balanced our budgets while maintaining full compliance with generally accepted accounting principles. Our improved credit ratings remain among the highest in the nation and this benefits both the State and our local units of government. Our Budget Stabilization "Rainy Day" fund is one of the healthiest in the nation.

The Michigan economy is continuing to diversify from its traditional dominance by the manufacturing sector. Wage and salary employment levels have increased by nearly 700,000 jobs since 1982. Of the 65,200 net new wage and salary jobs created in 1989, the service sector contributed 28,900 jobs; and wholesale and retail trade another 26,900. These non-manufacturing increases more than offset a net decline of 3,900 jobs in the manufacturing sector. Even within the manufacturing sector, non-automobile manufacturing grew enough to offset nearly half the loss of 7,200 jobs in motor vehicle production. The State's current economic forecasts indicate that by 1991, each of the three major employment sectors of manufacturing, services, and trade will provide an equal number of jobs. Because service and trade sector employment is less susceptible to the economic cycle, it is expected that the State economy and the State financial structure will be substantially more stable in the future.

In sum, the near-term economic outlook for Michigan is for continued slow and steady growth in both 1990 and 1991. Long-term, we are optimistic because we have and are continuing to strengthen the underpinnings of a sound and more diversified economic base.

MAJOR INITIATIVES AND FUTURE PROJECTS

<u>Local School District Funding</u>: State grants to local school districts have increased as a proportion of the State budget since 1982 and additional increases are planned. Significant additional School Aid Fund distributions are appropriated for the 1989-90 fiscal year and have been proposed in the budget for 1990-91.

While education is a top priority in the State budget and the largest single use of State tax dollars, the local school districts' budgets remain largely dependent upon local property tax revenues. Because the property tax bases of the various local districts vary greatly, significant differences in per pupil spending exist across the State, so local school funding and property tax reform continue to be major concerns.

<u>Prison Capacity</u>: The State suffered from a major shortage of prison cells earlier in this decade which forced the early release of many prisoners. The State undertook a major prison expansion program that is increasing the number of cells from 12,780 on October 1, 1984 to 31,319 cells by 1992. As completion of these new prisons occurs, the operating costs of the Department of Corrections grow as a proportion of the State budget. Future plans include improving alternatives to incarceration in State prisons so as to minimize costs and ensure that our expanded prison capacity is used to house the most dangerous criminals.

<u>Environment and Recreation</u>: The State voters approved the issuance of up to \$800 million of general obligation bonds for environmental and recreational purposes in the November 1988 election. This money is being used to clean up toxic waste sites, improve the State's park system, close unsafe dumps, and improve the quality of Michigan's lakes and streams. The first bonding under this program occurred in November 1989, when \$100 million of bonds were issued.

<u>Michigan Education Trust (MET)</u>: The State took a major step in helping parents plan for and save for their childrens' higher education by establishing the Michigan Education Trust. The MET now has over 49,000 prospective students enrolled in this program which provides coverage of future tuition and fees. In the future, proposed legislative changes could broaden the program to include room and board, graduate school, and out-of-state students.

FINANCIAL INFORMATION

<u>Internal Control Structure</u>: The Department of Management and Budget is responsible for the overall operation of the State's central accounting and internal accounting control system. All appropriations and transactions (except for component units) are recorded in the central accounting system, but many of the essential control features, such as payment voucher preparation, have been decentralized. State statutes require each department to appoint an internal auditor and maintain adequate internal control systems. Each department is required to periodically report on the status of its internal accounting and administrative control systems and, if any material weaknesses exist, provide plans and a time schedule for addressing problem areas.

<u>Budgetary Reporting and Control</u>: Public Act 431 of 1984 requires the State to adhere to GAAP in calculating fund balance for budgetary purposes. The statute also requires that the budget must provide for an ending unreserved fund balance which is not in deficit. If accounting principles change, the statute requires the State to also implement the change in its budgetary process.

The budgetary basis departs from GAAP only in ways that do not affect unreserved fund balance and that do not impact most revenue and expenditure line items. Appropriations for nearly all line items, therefore, are made on a basis consistent with GAAP which makes it possible for the State to use the central accounting system for both budgetary control and financial reporting. Two departures are the use of encumbrances, which GAAP does not require, and the funding of capital lease commitments on a "pay as you go" basis, rather than at lease inception. Compliance with the final updated budget for the annually budgeted operating funds is demonstrated in the budget to actual comparative statements, notes, and related supplementary schedules in this report.

<u>Financial Highlights - General Governmental Functions</u>: For the purpose of the following two tables and related discussions in this letter, the "General Governmental Functions" are considered to be the activities of the State's General and special revenue funds, excluding component units. These are the State funds most traditionally thought of as being the normal activities of the State:

Revenues (in millions):

Revenue Source	1988-89 _Amount	Percent of Total	Change From _1987-88	Percentage <u>Change</u>
Personal Income Tax	\$ 3,766.2	24%	\$ 192.4	5.4%
Sales Tax	2,615.2	- 17	140.3	5.7
Single Business Tax	1.845.4	12	16.7	.9
Other Taxes	2.624.1	17	215.9	9.0
Federal Revenues	3.861.8	24	147.0	4.0
Other Revenues		6	93.0	10.9
Total	\$15,660.0	100%	\$ 805.3	

Not included in the above table are "Other financing sources," which include resources provided by operating transfers (\$620.5 million) from other fund types and component units and capital lease fixed asset acquisitions (\$57.2 million). The most significant sources of transfers are from the State Lottery (\$485.0 million) and Liquor Purchases Revolving (\$63.4 million) Funds.

The personal income tax rate was unchanged at 4.6%. Federal tax reform as well as the State's strong employment levels, however, had the effect of increasing the income tax base and increasing current year revenues. To offset the effect of federal tax reform, State legislation was passed in late 1987 which, primarily by increasing personal exemptions, is phasing in a rollback through 1990. The net effect of these changes on this year's revenue has been estimated at \$127.3 million.

Personal income taxes shown above are net of property tax and other credits which reduced revenues by approximately \$766.7 million, which is approximately \$55.1 million more than the prior year. The property tax credit component is growing because of rising property values (and so property taxes) in relation to household income.

The State's sales and use tax rate remained at the 4% rate, with no major changes in tax base during the calendar year.

The single business tax is a value-added type tax that was adopted in 1975 to replace eight previous business taxes. It is somewhat more volatile than the personal income and sales taxes because of profit sensitive features in the statute. The relative weakness in this year's revenue is somewhat overstated because of three nonrecurring factors related to how insurance company taxes are treated, the resolution of certain litigation, and a change in how certain small businesses' taxes are calculated. After adjusting for these factors, single business taxes rose at an adjusted rate of 3.5 percent.

The change in "Other taxes" reflects increases in a number of areas, including: use taxes (\$56.9 million), intangibles taxes (\$38.3 million), motor vehicle taxes (\$33.9 million), and insurance company taxes (\$32.7 million).

Federal revenue increases are primarily attributable to growth in revenues from the federal Department of Health and Human Services (\$112.8 million). Health and welfare programs account for approximately 67% of federal revenues.

Other revenues include local (\$141.1 million), services (\$105.6 million), licenses and permits (\$251.8 million), investment income (\$100.6 million), child support recoveries (\$138.3 million), and other miscellaneous sources (\$209.9 million).

Expenditures (in millions):

Current, Capital Outlay, and Intergovernmental <u>Expenditures by Function (GAAP Basis)</u>	1988-89 Amount	Percent of Total	Change From 1987—88	Percent Change
Current:				
General government	\$ 742.9	4.6%	\$ 18.3	2.5%
Education	4,620.3	28.9	72.3	1.6
Health and welfare	5.043.1	31.6	258.4	5.4
Public safety & corrections	879.1	5.5	104.8	13.5
Conservation, recreation, & agriculture	297.7	1.9	6.1	2.1
Labor, commerce & regulatory	610.3	3.8	13.6	2.3
Mental health	1.164.3	7.3	64.0	5.8
Transportation	1.031.7	6.4	73.5	7.7
Capital outlay (including highways)	521.9	3.3	(49.6)	(8.7)
Intergovernmental - revenue sharing	1,021.1	6.4	57.8	6.0
Debt service — capital lease payments	43.3	3_	<u> </u>	23.2
Total Current, Capital Outlay, and Intergovernmental	\$15.976.0	100%	\$ 627.7	

General government expenditures include operations of the legislative and judicial branches and the executive branch functions within the Departments of Management and Budget, Attorney General, Civil Rights, Civil Service, State, and Treasury.

The education expenditure levels reflect the State's continued emphasis in its aid to both local school districts and institutions of higher education. School Aid Fund expenditures for grants to local school districts and for contributions to the Public School Employees' Retirement Fund were \$2,691.7 million. General Fund grants to public universities increased \$27.3 million (2.2%).

Health and welfare expenditures include operations of the Departments of Social Services and Public Health. Average welfare caseloads decreased slightly during the year and expenditure increases are primarily attributable to higher costs. Over half of the funding for these programs is from restricted revenue sources, including federal grants.

Corrections expenditures are increasing as new correctional facilities are being opened and capacity increases.

The labor, commerce, and regulatory expenditures reflect the operations of the Departments of Licensing and Regulation, Labor, and Commerce.

Funding for the State's Mental Health programs has been increased in recent years for both State institutions and community based programs.

Transportation expenditures increased \$52.8 million in the State Trunkline Fund and \$15.6 million in the Michigan Transportation Fund.

Capital outlay expenditures primarily reflect State Trunkline Fund highway expenditures which amounted to \$427.2 million, a decrease of \$32.2 million.

The changes in revenue sharing distributions to local units are related to changes in State tax collections.

General Fund Unreserved Fund Balance: The General Fund's unreserved fund balance at September 30, 1989 was \$61.1 million, a \$39.6 million increase from the prior year. General Fund revenues and other financing sources (including restricted sources) totalled \$12,394.6 million and expenditures and other uses totalled \$12,261.0 million. Fund balance reserves in the General Fund, which include budgetary carry-forwards and reserves for long-term assets and loan programs, increased from \$650.8 million to \$752.1 million.

Revenue Limits and Spending Requirements: State revenues under the Constitution are limited to a percentage of the State's personal income. The State Constitution requires that spending to local units be maintained at a level of 41.61% of total State spending. The final calculations to determine compliance with these requirements for this fiscal year are not completed until after this report is issued; however, the State is projected to have complied with both requirements.

<u>Proprietary Fund Operations</u>: State control of the wholesale distribution of alcoholic beverages through the Liquor Purchase Revolving Fund resulted in net income of \$48.0 million which, pursuant to statute, was transferred to the General Fund. Liquor sales and profits are on a downward trend which is expected to continue as a result of decreasing consumption.

The State Sponsored Group Insurance Fund, which accounts for the State's self insurance for employee benefit programs, maintains its strong financial position. Significant rate reductions were implemented in 1987-88 and 1988-89 in order to return savings accumulated in prior years to the various operating funds as well as restricted financing sources.

Overall State Lottery Fund ticket sales fell by 3.8% from the prior year as gross revenues dropped \$27.7 million to \$1,220.7 million. This resulted in net income from lottery operations (after prizes and other costs) decreasing \$4.5 million to \$484.0 million, all of which was transferred to the School Aid Fund. This decrease is primarily attributed to the relatively high number of large "Super-Lotto" jackpots in the 1987-88 year.

<u>Pension Plans</u>: The State Constitution requires the State to provide current funding of plan benefits and statutes provide for the amortization of unfunded prior service costs. In four of the six plans, the statutes contain an additional safeguard whereby a shortfall in the legally required contributions will be corrected in the second succeeding fiscal year. As a result of these measures, the State's pension systems remain relatively strong and the amount of unfunded obligations is minimized.

The net assets (for valuation purposes) of State pension funds increased by \$1.5 billion to \$17.9 billion at September 30, 1989. The latest actuarial valuation of the two largest funds, the Public School Employees' Retirement System (PSERS) and the State Employees' Retirement System (SERS), were prepared as of September 30, 1989. The PSERS had net assets (for valuation purposes) of \$13,273.0 million versus a pension benefit obligation of \$16,769.2 million at September 30, 1989. The SERS had net assets (for valuation purposes) of \$3,785.9 million at September 30, 1989.

Component Units' Operations: The State Building Authority, which is reflected in the special revenue, capital projects, and debt service fund types, has financed several major university and State building projects. This year, \$19.2 million of bonds were used to finance major State equipment purchases, including the buy-out of certain equipment previously leased. Bonds outstanding total \$993.7 million, with \$213.8 million currently available in debt service funds for debt redemption. The Authority is also financing several new correctional facilities as well as projects to benefit institutions of higher education.

The Michigan Unemployment Compensation Fund, which is reported as an expendable trust fund, ended the year with a fund balance of \$569.6 million, an increase of \$235.5 million. Revenues during the year were relatively constant at \$1,166.5 million while expenditures decreased 12.9% to \$931.1 million.

The largest proprietary type component units are the Michigan State Housing Development and Hospital Finance Authorities. These authorities, which help finance various housing and hospital financing activities, have bonds payable of \$1,996.6 million and \$1,506.9 million outstanding, respectively. The Michigan Strategic Fund, which is also reported in this fund type, administers several programs designed to stimulate business and job growth.

The Michigan Education Trust (MET) is a new program which is designed to provide future tuition at State public colleges and universities. The MET offered its first open enrollment period in November, 1988 and over 40,000 children enrolled. A second open enrollment ended November 30, 1989, increasing total enrollment to 49,273. As of September 30, 1989, the Trust has \$287.3 million in assets and actuarial reports show that it is actuarially sound.

Michigan Municipal Bond Authority: Created during the 1985-86 fiscal year, the Michigan Municipal Bond Authority assists hundreds of local units of government and school districts by reducing their short-term and long-term borrowing costs. The Authority pools the borrowing needs of various local units, resulting in significant savings to them. Short-term financing (notes) of \$200.9 million and long-term financing (bonds) of \$295.0 million were issued during the fiscal year; loans outstanding to local units at September 30, 1989 total \$578.3 million. Beginning with the upcoming fiscal year, the Authority will assume responsibility for the State Water Pollution Control Loan Fund, which will make loans to local units of government for the purpose of improving local pollution control systems.

<u>Debt Management</u>: The State's level of general obligation debt continued to decrease, falling from \$573.5 million as of September 30, 1976 to the \$106.4 million currently outstanding. Revenue dedicated bonded debt, which is primarily transportation related, decreased by \$17.3 million to \$388.0 million during 1988-89, as no new bonds were issued. The State's credit ratings on its general obligation bonds were increased to AA by Standard and Poor's and are nated at A1 by Moody's Investors Service.

In the November, 1988 general election, the voters approved a proposed \$800 million in additional general obligation bonding for environmental and recreational programs. Subsequent to September 30, 1989, \$100 million of such bonds were issued. The proceeds will be used for waste management and toxic waste clean-up, to provide initial funding for the State Water Pollution Control Loan Fund, to make a grant to the multistate Great Lakes Improvement Fund, and for financing State park improvements.

<u>Cash Management</u>: The State Treasurer maintains the State's common cash pool, which is used by most State funds for short-term investment and to provide centralized control over disbursements. The total amount of pooled cash, which is primarily invested in prime commercial paper, amounted to \$2.2 billion at September 30, 1989.

The State's cash flow requirements are greatest in the earlier part of the fiscal year and short-term notes have, in the past, been issued to provide additional financing. For the third year in a row, however, short-term borrowings were not needed. This improved cash position is largely the result of funding GAAP departures which existed in prior years.

<u>Risk Management</u>: The State's risk management division was established within the Department of Management and Budget in 1987 to improve the State's risk control policies and procedures. The division activities include analysis of and control over insurance coverage and risk exposure and the planning and implementing of a statewide safety and health policy and program. All types of risk and insurance coverage are currently under review and State practices will likely change in the future. Currently, however, the State is uninsured for many types of general liability and property losses. Beginning with the 1989-90 fiscal year, an internal service fund is being established to account for certain risk management activities.

OTHER INFORMATION

<u>Audits</u>: The principal auditor of the State's reporting entity is the legislative Office of the Auditor General. Their examination was conducted in accordance with generally accepted auditing standards (GAAS), and their opinion precedes the General Purpose Financial Statements. The accounting firm of Deloitte & Touche has reviewed the General Purpose Financial Statements in accordance with standards established by the American Institute of Certified Public Accountants and their review letter also precedes these statements.

In addition to the annual audit of the State's General Purpose Financial Statements, the Office of the Auditor General performs periodic financial and expanded scope audits of the various State agencies. Outside accounting firms are also frequently used, particularly for the audits of separately issued component unit financial statements, such as those for the major financing authorities and the Michigan Unemployment Compensation Fund. The Auditor General, as the State's principal auditor, also has primary responsibility for federal Single Audit Act coverage and this work is generally reported at the department or authority level.

<u>Certificate of Achievement</u>: We are proud to announce that the Government Finance Officers Association of the United States and Canada (GFOA) again awarded a Certificate of Achievement for Excellence in financial Reporting to the State of Michigan for its Comprehensive Annual Financial Report for the year ended September 30, 1988. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to the GFOA for their consideration for another certificate.

<u>Acknowledgements</u>: I wish to express my appreciation to the many people whose dedicated efforts made possible the preparation of this report. I believe their combined efforts have produced a report that will enable government decision makers and concerned citizens to better understand and evaluate the State's financial condition.

Shelby R Solomon

2023673431

March 13, 1990

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Michigan

For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 1988

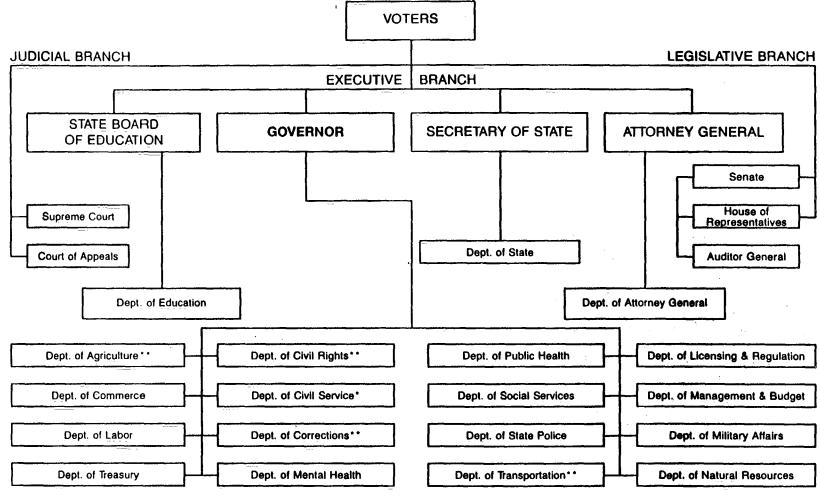
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

STATE OF MICHIGAN Organizational Structure



^{*}Have Commission appointed by Governor

EC46736505

^{**}Have Commission appointed by Governor, confirmed by Senate

STATE OF MICHIGAN

PRINCIPAL STATE OFFICIALS

JUDICIAL BRANCH

Supreme Court Justices Honorable Dorothy Comstock Riley, Chief Justice Honorable Charles L. Levin, Associate Justice Honorable James H. Brickley, Associate Justice Honorable Michael F. Cavanagh, Associate Justice Honorable Patricia J. Boyle, Associate Justice Honorable Dennis W. Archer, Associate Justice Honorable Robert P. Griffin, Associate Justice

LEGISLATIVE BRANCH

Honorable Martha W. Griffiths President of the Senate

Honorable Lewis N. Dodak Speaker of the House of Representatives

> Thomas H. McTavish Legislative Auditor General

EXECUTIVE BRANCH

Honorable James J. Blanchard, Governor

Honorable Frank J. Kelley, Attorney General

Honorable Richard H. Austin, Secretary of State

State Board of Education Honorable James J. Blanchard (Ex Officio) Honorable Dorothy Beardmore Honorable Barbara Dumouchelle Honorable Rollie Hopgood Honorable Cherry H. Jacobus Honorable Marilyn F. Lundy Honorable Barbara Roberts Mason Honorable Annetta Miller Honorable Gumecindo Salas Donald L. Bemis, Superintendent of **Public Instruction**

Elwood Kirkpatrick Vernon L. Kretzschmer George A. McManus, Jr. Rita M. Reid S. Leon Whitney
Robert L. Mitchell, Director, Department of Agriculture

Michigan Commission of Agriculture

Civil Rights Commission Sondra Lynn Berlin Beverly Clark Eva Evans Dorothy Haener Michael C. Hidalgo Rev. William Holly Benny N. Napoleon Philip Van Dam John Roy Castillo, Director, Dept. of Civil Rights

Civil Service Commission Laurence B. Deitch Walter R. Greene Patricia B. Johnson Alan A. May Martha Bibbs, Director, Dept. of Civil Service

Larry U. Meyer, Director, Department of Commerce

Corrections Commission Robert S. Axford Desiree Cooper Thomas K. Eardley, Jn. James H. Lincoln Duane L. Waters Robert Brown, Jr., Director, Department of Corrections Elizabeth P Howe, Director, Department of Labor

Raymond W. Hood, Sr., Director, Department of Licensing and Regulation

Shelby P. Solomon, Director, Department of Management and Budget

Thomas D. Watkins, Jr., Director, Department of Mental Health

Major Gen. Vernon J. Andrews, Directon, Department of Military Affairs

Natural Resources Commission: Thomas J. Anderson Marlene J. Fluharty Gordon E. Guyer Kerry Kammer Ellwood A. Mattson O. Stewart Myers Raymond Poupore David F. Hales, Director, Department of Natural Resources

Raj M Wiener, Director, Department of Public Health

C. Patrick Babcock, Director, Department of Social Services

Col. Ritchie T. Davis, Director, Department of State Police

Transportation Commission Stephen F. Adamini William C. Marshall Hannes Meyers, Jr. Nansi Irene Rowe Rodger D. Young Shirley E. Zeller James P. Pitz, Director, Dept. of Transportation

Robert A. Bowman, State Treasuren

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
INDEPENDENT ACCOUNTANTS STATEMENTS



STATE OF MICHIGAN OFFICE OF THE AUDITOR GENERAL 333 SOUTH CAPITOL AVENUE, SUITE A LANSING, MICHIGAN 48913 (517) 373-3773 FAX (517) 373-0095

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

Independent Auditor's Report

The Honorable James J. Blanchard, Governor Members of the Legislature

March 13, 1990

We have audited the general purpose financial statements of the State of Michigan, principally as of September 30, 1989 and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of certain component units, the State Lottery Fund, the Municipal Employees Retirement Fund, and the State Employees Retirement Fund, which are more fully described in Notes 1, 2, and 25. Those financial statements reflect total assets and revenues constituting 3% and 4% of the assets and revenues, respectively, of the debt service funds; 71% and 100% of the assets and revenues, respectively, of the capital projects funds; 88% and 79% of the assets and operating revenues, respectively, of the enterprise funds; 65% and 81% of the assets and revenues, respectively, of the expendable trust funds; 28% and 25% of the assets and revenues, respectively, of the pension trust funds; and 44% of the liabilities of the General Long-Term Obligations Account Group. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these units and funds, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Michigan principally as of September 30, 1989 and the results of its operations and the changes in financial position of the proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As described in Note 4, the State changed its method of accounting to report: the Michigan Municipal Employees Retirement Fund as a pension trust fund rather than an expendable trust fund; the Michigan Education Trust Fund as an enterprise fund rather than an expendable trust fund; the assets held by the Michigan Hospital Finance Authority Defeased Bonds Fund; and the assets held by the Financial Institutions Deposits Fund. The State also discontinued reporting the changes in financial position for the pension trust funds.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Michigan. This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole. *

The introductory and statistical sections listed in the table of contents were not audited by us and, accordingly, we express no opinion on them.

Sincerely,

2023673436

Thomas H. McTavish, C.P.A.

Fromas H. Mc Tavi

Auditor General

Source: https://www.industrydocuments.ucsf.edu/docs/lgil0000



200 Renaissance Center - 16th Floor Detroit, MI 48243-1274

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Mr. Thomas H. McTavish, C.P.A. Auditor General State of Michigan Lansing, Michigan March 13, 1990

We have reviewed the general purpose financial statements of the State of Michigan principally as of September 30, 1989 and for the year then ended, listed in the foregoing table of contents, in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the State of Michigan.

A review consists principally of inquiries of State personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing the limited assurance described in the preceding paragraph concerning the financial statements taken as a whole. Our review also comprehended the supplemental financial data listed in the foregoing table of contents which is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Based on our review, we are not aware of any material modifications that should be made to the supplemental financial data in order for such data, when considered in relation to the general purpose financial statements, to be in conformity with generally accepted accounting principles. The introductory and statistical data listed in the foregoing table of contents was not reviewed by us; accordingly, we do not express an opinion or any other form of assurance on it.

Yours truly,

Deloitte + Touche

STATE OF MICHIGAN COMBINED BALANCE SHEET ALL FUND TYPES AND ACCOUNT GROUPS SEPTEMBER 30, 1989 (In Thousands)

		GOVERNMENT	AL FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
ASSETS				
Current Assets: Cash and cash equivalents Equity in Common Cash (Note 5)	\$ 10,551 491,898	\$ 1,828 1,017,144	\$ 2,027 5,477	\$ 15 -
Taxes, interest, and penalties receivable (Note 6) Amounts due from other funds (Note 20)	1,071,567 292,393	206,876 61,505	7,737	8,806
Amounts due from federal agencies	488,242 238,693 27,281	107,489 42,311 11,443	-	
Investments (Note 9)	135.203	41,004 19.395	129,920 5.045_	46,831 <u>385</u>
Total Current Assets	2.755.831	1.509.000	150.210	56,038
Taxes, interest, and penalties receivable (Note 6) Advances to other funds (Note 20)	52,229 11,355 22,098	4,921 1,781	- -	- -
Amounts due from federal agencies	27,442	117,626	123,462	<u>-</u>
Investments (Note 9)		29,362	72,177	-
Other noncurrent assets	18,785 -	9,839 -	109	-
Amount to be provided for bond retirement	<u> </u>			
Total Assets	\$ 2.887.743	\$ 1.672.532	\$ 345.960	\$ 56.038
LIABILITIES AND FUND EQUITY Current Liabilities:				
Warrants outstanding	\$ 167,283 972,215	\$ 17,116 265,555	\$ <u>-</u>	\$ 31,,454
Income tax refunds payable (Note 7)	795,884 49,978	233,374	185	107,652
Bonds and notes payable (Note 18)	13.567	12.232		
Total Current Liabilities	1.998.930	528,278	185	139.107
Long—Term Liabilities: Advances from other funds (Note 20)	-	-	-	-
Advances from federal agencies (Note 17) Prize awards payable (Note 18) Deferred revenue	75,685	15,735	49,028	- -
Bonds and notes payable (Notes 15 and 18) Other long-term liabilities (Notes 15, 18, and 19)				
Total Liabilities	2.074.616	544.013	49,213	139.107
Fund Equity: Investment in general fixed assets	_	-	_	-
Contributed capital (Note 22)		-	<u>-</u> -	- -
Reserved fund balance (Note 24)	752,053 61,073	565,528 562,990	74,681 222,064	16,612 (99,680)
Total Fund Equity	813, 127	1.128.519	296,746	(83.068)
Total Liabilities and Fund Equity	\$ 2,887,743	\$ 1.672.532	\$ 345.960	\$ 56.038
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The accompanying notes are an integral part of the financial statements.

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PROPRIETARY	PROPRIETARY FUND TYPES		ACCOUNT		
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	TOTALS (MEMORANDUM ONLY):
\$ 16,714 109,796 - 1,840 9,452 - 36,704 1,042,024 103,341 1,319,874	\$ 1,200 51,192 10,177 21 313 19,877 - 1,765 84,548	\$ 8,993 533,950 139,653 20,781 15,451 64,993 3,516,186 1,367,627 5,667,638	\$ = = = = = = = = = = = = = = = = = = =	\$	\$ 41,331 2,209,459 1,418,098 403,242 620,657 346,311 95,307 4,775,967 1,632,765 11,543,142
2,928,015 1,003,146 30,036 16,727	101,376 42,514 -	1,574 15,178,674 21 1,347,339 	2,230,183 - - - - -	222,064 1,265,582	22,098 270,106 2,928,015 16,283,361 2,361,618 1,435,316 222,064 1,265,582
\$ 5.302.057	\$ 258,917	\$ 22,195,248	\$ 2.230.183	<u>891.038</u> \$ 2.378.685	<u>891.038</u> \$37.327.366
\$ 2,989 163,085 2,756 118,028 83,796 17.854 388,511	\$ 894 68,918 - 5,800 252 - 26,962 102,828	\$ 22,551 345,444 2,750 - 19,134 389,881	\$ - - - - - - -	\$ - - - - - -	\$ 210,835 1,846,674 795,884 402,498 118,281 83,796 89,751 3,547,722
4,256 465,146 333 3,552,012 460,086 4,870,348	41,492 - 372 306 40,955 	2,121 602,517 232 2,206,901 3,201,654	-	1,487,647 891,038 2,378,685	47,870 602,517 465,146 141,388 5,039,966 3,598,982
5,775 201,712 224,220 - - - - 431,708 \$ 5,302,057	9,818 63,142 - - - - - - - - - - - - - - - - - - -	17,733,623 1,259,970 18,993,594 \$22,195,248	2,230,183 - - - - - - - - - - - - - - - - - - -	- - - - - - \$ 2,378,685	2,230,183 15,594 201,712 287,363 19,142,499 2,006,420 23,883,772 \$37,327,366
					

FIDUCIARY

STATE OF MICHIGAN COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

GOVERNMENTAL FUND TYPES			
SPECIAL REVENUE	DEBT SERVICE		
2,808,831 494,444 31,220	\$ <u>-</u>		
1,039 135,758 163,118	5,397 24,439		
3.634.412	29.837		
5,885 2,748,190	257		
9,786 125,940	- -		
1,035,972 -	- - -		
455,437 - -	134,868		
3.078	93,631 10,532		
1.384.291	239,289		
(749,878)	(209,451)		
11,443 2,215 1,512,388 (770,203)	10,532 - 196,152 (4,469)		
755,844	202,215		
5.965	(7.236)		
li, 131i, 509	303,983		
(8,956)	303,983		
1,128,519	296,746		
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GOVERNMENTAL FUND TYPE	FIDUCIARY FUND TYPES	
CAPITAL PROJECTS	EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)
\$ - - - - - 4.500	\$ 1,049,711 106,885 19,237 - - 284,207	\$11,900,607 3,968,652 160,327 105,655 263,408 765,569
4.500	1.460.041_	17.164.220
- - - - -	44,301 12 366 - 22 1,021,263	787,495 4,640,618 5,043,493 879,120 297,797 1,631,607
- - 188,795	5,723 78,517 - -	1,170,087 1,114,489 6 710,718 1,021,119
- -	- -	134,868 93,631 53,879
188,795 (184,294)	1.150.206 309.834	17.578.934 (414.713)
156,970 95,905 (128,981): ————————————————————————————————————	3,987 (45,706) ————————————————————————————————————	178,946 57,249 2,112,643 (1,579,385) (14,661) 754,793
(60,400)	268,116	340.080
(22,564) (22,564) (103) \$ (83,068)	2,157,012 (11,165,157) 991,854 - - \$ 11,259,970	4,242,262 (1),165,157) 3,077,104 7,740 (9,629) \$ 3,415,295

STATE OF MICHIGAN COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL — GENERAL AND SPECIAL REVENUE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989

(In Thousands)

(In Thousands)			
		GENERAL FUND	
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES			
Taxes	\$ 8,010,800	\$ 8,042,064	\$ 31,264
From federal agencies	3,433,600	3,367,322	(66,277)
From local agencies	180,900	109,868	(71,031)
From services	188,000	104,616	(83,383)
From licenses and permits	140,500	122,251	(18,248)
Miscellaneous	404,200	289,304	(114,895)
Operating transfers in	246.700	304,209	<u>57.509</u>
Total Revenues and Other Sources	12.604.700	12.339.638	(265.061)
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES — BY DEPARTMENT			
Legislative	116,605	113,860	2,744
Judicial	142,463	142,349	1.14
Executive Office	4,031	3,777	253
Management and Budget	1,294,167	1,287,263	6,904
Attorney General	30,173	29,642	531
Civil Rights	12,422	12,172	250
Civil Service		19,963	1,283
State	114,385 191,471	111,786 183,513	2,598 7,957
Treasury Education		1,078,069	2,882
Grants to Colleges and Universities	1,294,065	1,293,823	242
Public Health	358,847	358,277	569
Mental Health	1,165,266	1,176,351	(11,085)
Social Services	4,677,769	4,704,772	(27,003)
Corrections	680,624	689,605	(8,980)
Military Affairs	27,526	25,611	1,915
State Police	211,390	206,663	4,726
Transportation		202 220	2 050
Commerce		202,230 293,967	2,850 12,141
LaborLicensing and Regulation		24,301	432
Natural Resources		265,594	17.065
Agriculture	'	63,153	5,568
Items Not Assigned to Departments	•	14.667	(14.667)
Total Expenditures, Operating Transfers	12.310.718	12.301.421	9:.296
Out, and Encumbrances	12.310.710	16.301.461	
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ 293.981	38.216	\$ (255,765);
totatoto, hi nonderan'i			
Reconciling Items (Note 3):			
Encumbrances at September 30		95,418	
Funds not annually budgeted		95,418	
Net Reconciling Ítems		93,410	
Excess of Revenues and Other Sources over			**
(under) Expenditures and Other Uses			\sim
(GAAP Basis)		133,635	S
CIRIN DALAMCEC (CAAD DACTE)			2023673442
FUND BALANCES (GAAP BASIS) Beginning balances		672,321	ω
Equity transfers from other funds		7,740	ರ್
Equity transfers to other funds	r:	(569)	
Ending balances (GAAP Basis)	NI .	\$ 813,127	ယ
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The accompanying notes are an integral part of the financial statements.

SPEC	IAL REVENUE FU	INDS		(MEMORANDUM ONL)	()
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 2,827,400 469,466 46,130 630 128,978 159,294 1,467,500 5,099,400	\$ 2,808,831 494,444 30,416 965 129,559 149,476 1,509,980 5,123,674	\$ (18,568) 24,977 (15,714) 335 580 (9,817) 42,480 24,274	\$10,838,200 3,903,066 227,030 188,630 269,478 563,494 1,714,200 17,704,100	\$10,850,896 3,861,766 140,284 105,581 251,810 438,781 1,814,190 17,463,312	\$ 12,696 (41,299) (86,745) (83,048) (17,667) (124,712) 99,990 (240,787)
23,791 	21,537 	2,254 	116,605 142,463 4,031 1,317,959 30,173 12,422 21,247 114,385 191,471 3,771,765 1,294,065 358,847 1,165,266 4,677,769 680,624 27,526 211,390 2,022,391 205,081 445,171 25,402 388,269 68,721	113,860 142,349 3,777 1,308,801 29,642 12,172 19,963 111,786 183,513 3,769,765 1,293,823 358,277 1,176,351 4,704,772 689,605 25,611 206,663 2,167,830 202,230 432,801 24,771 368,911 63,153 14,667	2,744 114 253 9,158 531 250 1,283 2,598 7,957 1,999 242 569 (11,085) (27,003) (8,980) 1,915 4,726 34,561 2,850 12,370 631 19,357 5,568 (14,667)
\$ (62.936)	(10): 65,520 (59,543) 5,976 5,965 1,131,509 (8,956)		\$ 231.044	38.205 160,939 (59,543) 101,395 139,601 1,803,830 7,740 (9,525)	\$ (192.839)

TOTALS

STATE OF MICHIGAN COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS AND FUND BALANCES PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

, **)**:

	PROPRIETARY FUND TYPES			
OPERATING REVENUES:	ENTERPRISE	INTERNAL SERVICE	PENSION IRUST_FUNDS_	TOTALS (MEMORANDUM ONLY)
Operating revenues	\$ 1,622,915	\$ 462,877	\$ - 938,901	\$ 2,085,792 938,901
Interest income	286,430	• •	-	286,430
Investment revenue (net)	112,037 39.499		1,658,427 6.850	1,770,465 <u>46.349</u>
Total Operating Revenues	2.060.883	462.877	2.604.178	_5,127,939
OPERATING EXPENSES:	202 222	C4 C04		
Salaries, wages, and other administrative Interest expense	209,300 289.507	64,620	10,569	284,490 289,507
Depreciation	3.615	17,563	2	209,507
Purchases for resale	328,812	27,455	-	356,268
Purchases for prison industries	-	10,756	-	10,756
Lottery prize awards	558,098	-	_	558,098
Payment of premiums and claims	· -	344,168	-	344, 168
Benefits, insurance, and refunds	_		1,065,203	1,065,203
Other operating expenses	82.853			82.853
Total Operating Expenses	1,472,188	464,564	1.075.776	3.012.528
Operating Income (Loss)	<u>588.694</u>	(1.687)	1.528.402	2.115.410
MONOPERATING REVENUES (EXPENSES):				
Specific tax on spirits	7,228	-	-	7,228
Federal grant revenue	28,667	-	-	28,667
Interest revenue	268	 .	-	268
Other nonoperating revenues	1,496	519	-	2,016
Grant expense	(38,689)	-	-	(38,689)
Interest expense	(764)	-	-	(764)
Development stage expenses	(2,692)	_	-	(2,692)
Other nonoperating expenses	(7.961)	(1.699)		(9.660)
Total Monoperating Revenues (Expenses)	(12.446)	(1.179)		(13.626)
Income (Loss) Before Operating Transfers	576.248	(2.866)	1.528.402	2.101.784
OPERATING TRANSFERS:				
Operating transfers in Operating transfers out	24,995 (552,453)	3 (3,287)	107 (4.589)	25,106 (560,330)
Total Operating Transfers In (Out)	(527,458)	(3,283)	(4,482)	(535,223)
Net Income (Loss)	48.790	(6.150)	1.523.920	1.566.560
Retained Earnings and Fund Balances - Beginning of fiscal year - as previously reported	378,086	69,293	15,044,580	15,491,959
Effect of accounting change (Note 4)	(943)		1,165,122	11, 164, 178
Retained Earnings and Fund Balances - Beginning of fiscal year - restated	377,142	69,293 443 (443)	16,209,702	16,656,138 443 (443)
Retained Earnings and Fund Balances — End of fiscal year	\$ 425,933	\$ 63.142	\$17.733.623 202367	\$18.222.699 3444

The accompanying notes are an integral part of the financial statements.

STATE OF MICHIGAN COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION PROPRIETARY FUND TYPES FISCAL YEAR ENDED SEPTEMBER 30, 1989

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(In Thousands)

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)
SOURCES OF FUNDS:			
From operations:		A // 100\	A 40 COO
Net income (loss)		\$ (6,150)	\$ 42,639
Depreciation	3,615	17,563	21,178
Compensated absences — long-term portion	775	190	965
Change in long-term prize awards	82,028		82,028
Disability claims - long-term portion		6,957	6,957
Provision for losses on loans	1,893	(235)	1,893
Amortization of deferred items (net)	21,500	(115)	21,384
Loss (gain) on disposal of fixed assets	232_	929	1.161_
Working Capital Provided (Used) from Operations	158,834	19,374	178,209
From other sources:			
Proceeds from bonds and notes sold	595,078	306	595,384
Principal repayments on loans	415,707	-	415,707
Sale of fixed assets	-	3,890	3,890
Decrease in noncurrent investments (net)	233,838	-	233,838
Decrease in other noncurrent assets	_=	9,891	9,891
Increase in long-term lease obligations	85	18	103
Increase in advances and other long-term liabilities		18,616	312,146
Contributed capital additions	1,888	442	1,888
Equity transfers from other funds		443_	443
Total Sources (Uses) of Funds	\$ 1,698,961	\$ 52,542	\$ 1.751.503
APPLICATION OF FUNDS:			
Increase in advances to other funds	\$ 4,256	\$ 13,027	\$ 17,284
Increase in noncurrent investments (net)	138,768	_	138,768
Loans issued/purchased	458,433	-	458,433
Decrease in long-term bonds and notes payable	456,392	-	456,392
Decrease in long-term prize awards payable		-	38,413
Increase in other noncurrent assets	9,546	-	9,546
Additions to fixed assets		35,925	39,597
Decrease in long-term deferred revenues			184:
Decrease in other long-term liabilities		1,839	1,839
Equity transfers to other funds		443	443
Net increase (decrease) in working capital	589.293_	1,305	590.598
Total Application of Funds	\$ 1,698,961	\$ 52,542	\$ 1.751.503
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:			
Cash and cash equivalents		\$ 197 ⁻	\$ 6,501
Equity in/Liability to Common Cash		(12,666)	16,187
Amounts due from other funds	352	8,402	8,754
Amounts que from federal agencies	1,160	-	1,160
Amounts due from local units	-	(104)	(104):
Inventories	(16,773)	4,699	(12,074)
Investments		-	573,151
Other current assets		338	8,904
Warrants outstanding	(1,567)	361	(1,205)
Amounts due to other funds		(8,528) (5,590)	(19,989)
Bonds and notes payable - current		(252)	(5,316) (7,064)
Interest payable	334	(252).	334
Deferred revenue		14.448	21.359
Net Increase (Decrease) in Working Capital	\$ _ 589.293	\$ 1.305	\$ 590,598
		20236	7711-

The accompanying notes are an integral part of the financial statements.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the State conform in all material respects to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) establishes the criteria used in determining which organizations should be included in these financial statements. The GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, requires the inclusion of the financial transactions of all government organizations for which the State has the ability to exercise significant oversight responsibility.

The extent of oversight responsibility is based upon several criteria including: selection of governing authority, designation of management, the ability of the State to significantly influence operations, financial interdependency and accountability for fiscal matters including the level of State financing and/or moral or legal responsibility for the long-term debt of the organizations. Based upon this criteria, this report includes information on several component unit organizations that are not accounted for as funds in the State's central accounting system. These organizations are:

State Building Authority Michigan Higher Education Facilities Authority Michigan Family Farm Development Authority Mackinac Bridge Authority Michigan Unemployment Compensation Fund Michigan Education Trust

Michigan State Hospital Finance Authority Michigan Higher Education Student Loan Authority Michigan Higher Education Assistance Authority Mackinac Island State Park Commission Michigan Strategic Fund Michigan State Housing Development Authority

In addition to the component units listed above, there are certain organizations with varying degrees of autonomy which are not separate funds but which are recorded in accounts within a State fund, usually the General Fund. Among these organizations are: the Michigan Municipal Bond Authority, which is described more fully in Note #15; the Michigan Export Development Authority within the Department of Agriculture; the Automobile Theft Prevention Authority within the Department of State Police; and, various elements of the State court system.

The court system components which are considered part of the State entity include: the Michigan Supreme Court, the Michigan Court of Appeals, the Court of Claims, the 36th District Court, and the Wayne County Circuit Court. The financial transactions of these courts are included in the General Fund. Other circuit courts, district courts, and probate courts are considered local units of government activities and have been excluded from these statements.

A complete listing of State funds and component units is provided in Note #2.

As more fully described in the following paragraphs, certain organizations were evaluated for possible inclusion as component units, but it was determined that they should not be considered part of the State reporting entity because they do not meet the criteria for inclusion.

The Michigan State Accident Fund (MSAF), which provides workers' compensation insurance coverage for both public and private employers, has (except for certain investment activity) been excluded from this report. The MSAF does not meet the criteria for inclusion because the State was prevented from exercising oversight pending the outcome of litigation. The MSAF entered into legal proceedings challenging State attempts to exercise oversight responsibility over its operations. These legal proceedings have recently been resolved in the State's favor and the State has begun to implement oversight over the MSAF beginning with the fiscal year ending September 30, 1990. It is expected that the MSAF will be reported as an enterprise fund in future years. Financial statements prepared under generally accepted accounting principles for the MSAF as of September 30, 1989 are not available.

The State, by statute, is a depository for a portion of the investments of the MSAF. This portion is accounted for within the State accounting system and is reported as an expendable trust fund titled the "Michigan State Accident Fund."

<u>Public institutions of higher education</u> have been excluded from these statements. Community colleges are excluded because they are local units of government. Other public institutions have been excluded based upon an application of the manifestations of oversight criteria of the GASB. By State Constitution, law, and practice the institutions have been made autonomous and the degree of State oversight is so remote that it is deemed most appropriate not to reflect them as part of the entity.

The following summarizes the evaluation of the manifestations of oversight for the institutions of higher education: (a) the three largest institutions' governing boards are selected by the electorate and State officials do not maintain significant continuing relationships with the other institutions' boards; (b) the institutions' employees are not part of the State's classified civil service; (c) management is not appointed by the State; (d) the State does not establish or control the budgets; (e) the State is not responsible for debts or deficits; (f) assets are held in the name of the institutions; (g) each institution maintains its own accounting records, investments, and bank accounts; (h) each issues its own financial statements which are audited by outside accounting firms selected by the institution; (i) the institutions have significant non-state revenues.

The State grants to the institutions are generally unrestricted in that each institution determines how the money is used, although in some cases the State makes grants for specific programs or construction projects. In the operating statements, these grants are classified as "Education" expenditures of the funds making grants.

The International Bridge Authority of Michigan at Sault Ste. Marie, Michigan is a joint venture of the State and Canadian governments and, therefore, is not included as a component unit in this report. The Authority is governed by a commission made up of five members, three from the State (appointed by the Governor with the consent of the Senate) and two from Canada (appointed by the St. Mary's River Bridge Company, which is controlled by the Province of Ontario). Toll revenues are used to finance the cost of operating and maintaining the bridge as well as to cover debt service requirements. Budgetary and financial control over the Authority is the responsibility of the commission. The following is summary financial information for the Authority as of its fiscal years ended August 31 (in thousands):

1989_	<u> </u>
\$1.488	\$1.920
574	761
914	1.159
	3.624
3,676	3.039
•	•
(244)	641
3,407	2.852
	7,850
	\$1,488 574 914 3,913 3,676

B. Basis of Presentation

With the exception of amounts related to component unit statements, the financial statements are based upon financial transactions of the State as they are recorded in individual funds in the State's central accounting system. The amounts presented for component units are based upon audited financial statements and schedules issued by the units. As more fully explained in Note #2, the various funds and units are combined into the various fund types described below:

GOVERNMENTAL FUND TYPES

<u>General Fund:</u> The General Fund is the State's primary operating fund. It is used to account for general purpose financial resources and those restricted revenues which are not required to be accounted for in separate funds.

<u>Special Revenue Funds</u>: This fund group includes operating fund and component unit activities which account for the proceeds of certain specific revenue sources that are legally restricted for specified purposes.

Capital Project Funds: Funds and component units which account for the acquisition or construction of major State capital facilities financed by bond proceeds are reported in this fund group.

<u>Debt Service Funds:</u> This group accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Note 1 continued on next page.

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PROPRIETARY FUND TYPES

<u>Enterprise Funds</u>: This fund group includes funds and component units whose operations and finances are accounted for in a manner similar to private business enterprises. For this group, it is the intent of the State that: (a) the costs (i.e., expenses, including depreciation) of providing goods or services to the general public be financed primarily by user charges; or (b) "net income" be periodically determined and used as appropriate for capital maintenance, management control, or determination of amounts to be transferred to other operating funds as required by statute.

<u>Internal Service Funds</u>: This group is similar to enterprise funds except that the goods or services are provided primarily to other agencies or funds of the State, rather than to the general public.

FIDUCIARY FUND TYPES

<u>Irust and Agency Funds</u>: This group includes assets held by the State on behalf of outside parties, including other governments, or on behalf of other State funds. The group is subdivided into three subtypes: (a) pension funds, which are accounted for in a manner similar to proprietary funds; (b) expendable trust funds, which are accounted for in a manner similar to governmental funds; and (c) agency funds, where the State's responsibility is purely custodial in nature and for which asset and liability balances, but not operating results, are included in the general purpose financial statements.

ACCOUNT GROUPS

<u>General Fixed Assets Group</u>: This group of accounts is used to account for fixed assets (i.e., land, buildings, and equipment) owned by the State, except for assets of proprietary fund types which are recorded directly in those funds.

<u>General Long-Term Obligations Group</u>: This group accounts for all of the long-term obligations of the State, except for those accounted for directly in a fund.

TOTALS (MEMORANDUM ONLY):

Amounts in the "TOTALS - (MEMORANDUM ONLY)" columns represent summations of the fund types and account groups and are presented only for analytical purposes. The summations include fund types and account groups that use different bases of accounting, interfund transactions that have not been eliminated, and the caption "amounts to be provided," which is not an asset in the usual sense. Consequently, amounts shown in the "TOTALS - (MEMORANDUM ONLY)" columns are not comparable to a consolidation.

C. Basis of Accounting

The governmental fund types, expendable trust funds, and agency funds are accounted for on the modified accrual basis of accounting. There are some departures from the modified accrual basis for statutory/budgetary purposes. The nature of these departures is such that they affect how operating results are reported, but do not cause a difference in the balance sheet or in the calculation of unreserved fund balance. This is further explained in Note #3.

The modified accrual basis emphasizes the measurement of current financial resources and obligations (i.e., "financial flow" focus). Therefore, fund revenues and other financing sources are recorded when financial resources become "measurable and available" to fund current liabilities; expenditures are recorded when fund liabilities are incurred, except for principal and interest on general long-term obligations.

The proprietary fund types and the pension trust funds use the accrual basis of accounting. The accrual basis emphasizes the measurement of "net income," (i.e., "capital maintenance" focus). Using this basis, revenues are recognized when "earned" and expenses are recognized when "incurred." All financial resources and obligations of a fund, whether current or noncurrent, are recorded in the fund.

The primary effects of the differences in these bases are:

- (1) For governmental fund types, most long-term liabilities are reported in the General Long-Term Obligations Account Group rather than as fund liabilities. The proceeds of long-term borrowings result in increases to fund balance because "other financing sources" are credited to the fund. Fund liabilities for both principal and interest related to general long-term obligations are recognized when they become "due and payable" (i.e., when normally liquidated with expendable available financial resources).
- (2) Fixed asset acquisitions are recorded as expenditures of governmental fund types in the year acquired. Such assets are capitalized in proprietary fund types, with depreciation expense recognized over the life of the asset.
- (3) For governmental fund types, revenue which is not "available" is recorded as deferred revenue. Other noncurrent assets result in reservations of fund balance. Such deferrals and reserves are usually not reflected in proprietary type funds.

D. <u>Fiscal Year-Ends</u>

All funds and component units are reported using fiscal years which end on September 30, except for two component units. Two component units with June 30 year-ends are the Michigan State Housing Development Authority and the Michigan State Hospital Finance Authority, both of which are reported in the enterprise fund group.

E. Assets. Liabilities. and Fund Equity

Equity in Common Cash: The State Treasurer maintains centralized management of most State cash resources (not including component units). The operations and investments of the common cash pool are described in Note #5.

<u>Taxes Receivable</u>: Tax revenue is accrued to the extent that it is both measurable and available. Application of the measurability and availability criteria regarding taxes is described in Note #6.

Amounts Due From Federal Agencies: For most federally funded programs, revenue is accrued in the same period as related obligations are recorded. In certain programs financed entirely by the federal government, expenditures and related revenues are recognized only to the extent of billings received by fiscal year—end. This treatment, which is generally limited to certain programs within the Department of Education, understates both assets and liabilities, so there is no impact on fund balance.

<u>Inventories</u>: Inventories are valued at cost, primarily using a first-in, first-out flow assumption. Expenditures (governmental funds) and expenses (proprietary funds) are recognized using the consumption method (i.e., when used or sold).

<u>Investments</u>: Most equity securities are stated at cost and debt securities are stated at amortized cost. As explained in Note #19, mutual fund investments of the State's 401k deferred compensation plan are valued at market. Additional disclosures describing investments are provided in Note #9.

<u>Property. Plant. and Equipment:</u> General fixed assets and capitalizable improvements of governmental fund types are recorded in the General Fixed Assets Account Group at historical cost or, if donated, at the estimated fair market value at the date of acquisition. In assembling the General Fixed Assets Account Group for the first time in 1985, certain fixed asset costs were not available; historical costs of these assets at the dates of acquisitions have been estimated.

Infrastructure ("public domain") fixed assets such as undeveloped State owned lands, roads, and bridges are not capitalized. Interest incurred during constnuction is not capitalized and depreciation is not provided on general fixed assets.

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Assets of proprietary funds are capitalized at cost upon acquisition. Depreciation expense on buildings and equipment is recorded over the expected useful lives of the assets. Depreciation is calculated using the straightline method, except for automotive equipment in the Motor Transportation Revolving Fund (an internal service fund) which is depreciated using the 150% declining balance method.

Additional disclosures related to fixed assets and assets acquired through capital leases are provided in Notes #11 and #16, respectively.

<u>Warrants Outstanding</u>: Warrants outstanding represent drafts issued against the State Treasurer which have not yet cleared. These are somewhat similar to outstanding checks; however, cash is not reduced until the warrant is redeemed.

<u>Income Tax Refunds Payable</u>: The amount of collected or accrued personal income tax revenues that will be refunded is estimated and accrued as a General Fund liability. Note #7 explains the significant impact that tax credit programs have on the amounts being accrued.

<u>Deferred Revenue</u>: Deferred revenue is recognized when cash, receivables, or other assets are received or recognized prior to their being earned or available. Unearned revenue deferrals are classified with current liabilities; unavailable revenue deferrals are classified as short-term if the related receivable is due within 12 months, otherwise they are classified as long-term.

Long-Term Liabilities: General long-term obligations which are not reported as fund liabilities are reported in the General Long-Term Obligations Account Group. The group, which is more fully described in Note #15, includes general obligation and revenue dedicated bonds, capital lease obligations, compensated absences, claims and judgments, workers' compensation, early retirement program, and unemployment compensation fund interest deferral liabilities related to the funds accounted for on the modified accrual basis. Fund expenditures are recognized for these obligations in the period when they are "normally liquidated with available financial resources." For obligations other than claims and judgments, this means the expenditures are recognized as they become "due and payable." Note #15 explains the accounting for claims and judgments.

The "Advances from federal agencies" line reports the portion of the federal advance to the Michigan Unemployment Compensation Fund (an expendable trust fund) which is not expected to be repaid within twelve months. Note #17 describes this advance.

Long-term liabilities of the proprietary funds are recognized in the funds, except for the portions of the workers' compensation liability for which fund distribution is not reasonably estimable. The long-term liabilities of these funds are more fully explained in Notes #16 and #18.

<u>Fund Equity</u>: nd equity represents the difference between fund assets and fund liabilities. The governmental and fiduciary funds' fund equity is called "fund balance." The portion of a proprietary fund's fund equity attributable to accumulated earnings is referred to as "retained earnings." Amounts provided by other funds or governmental units for property, plant, and equipment or for original start-up costs for new funds are classified as "contributed capital." Note #22 explains the basis for the amounts which are reported as contributed capital.

<u>Reservations</u>: Fund balances for all governmental funds are classified as either reserved or unreserved. Reserved fund balances reflect either: 1) funds legally segregated for a specific use or 2) assets which, by their nature, are not available for expenditure. Unreserved fund balances reflect the balances available for expenditure for the general purposes of the fund. Details related to the make-up of reserved fund balances are reported in Note #24.

Retained earnings reservations in proprietary funds usually reflect amounts required to be set aside by bond agreements. These are described in Note #23.

F. Revenues, Expenditures, Encumbrances, Expenses, and Other Financing Sources and Uses

Revenues: Revenues are reported by source. For budgetary control purposes, revenues are further classified as either "general purpose" or "nestricted." General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g., federal grants), available only for specified purposes. Unused restricted revenues at year-end are recorded as reservations of fund balance.

Note 1 continued on next page:

Revenues of governmental funds that accrue to the State independent of when expenditures are incurred by the State (such as taxes, licenses, and permits) are considered "available" if the payer incurs the obligation to the State before year—end and payment is received within 60 days of year—end. The recording of delinquent taxes receivable is the only significant departure from the above (see Note #6).

Revenues which the State earns by incurring obligations (such as matching federal grants) are generally recognized in the same period that the related obligations are recognized. Such accrued revenue is considered available even if it is not received within 60 days of year—end. This method provides improved reporting and control at the program level because it appropriately matches funding sources and uses.

Expenditures: Expenditures are reported by character: "Current," "Capital outlay," "Intergovernmental — revenue sharing," or "Debt service." Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Capital outlay includes expenditures for real property or infrastructure (e.g. highways). Intergovernmental revenue sharing is used to account for the distribution of certain tax revenues which are shared with local units based upon statutory requirements. Debt service includes both interest and principal outlays related to bonds accounted for in the General Long-Term Obligations Account Group and payments on capitalized leases.

<u>Encumbrances</u>: Encumbrances are commitments related to unperformed (executory) contracts for goods or services. During the fiscal year, agencies may enter all types of encumbrances in the accounting system for spending control purposes. For year-end financial reporting purposes, encumbrances are recorded only to the extent that spending authority is allowed to be carried forward to the next year. How encumbrances are reflected in the statements is more fully described in Note #3.

Unless a statutory exception has been made, there are limits on the types of encumbrances that can be recorded as spending authority carry-forwards at year-end. Encumbrances are not recorded against multi-year project (capital outlay and work project) appropriations which do not lapse until project completion. Other encumbrances are recorded only if the encumbrance is for an obligation that was entered into prior to September 16. Encumbrances for services are recorded only if the contract is for a nonrecurring item. Encumbrance contracts for goods that specify delivery after September 30 are not recorded and encumbered amounts in excess of line-item spending authority are not recognized.

<u>Expenses</u>: Expenses are classified as operating or nonoperating and are subclassified by object (e.g., salaries, depreciation, and purchases for resale).

Other Financing Sources: These additions to governmental fund balances include resources and financing provided by bond proceeds, capital leases, and operating transfers from other funds.

Other Financing Uses: These are reductions of governmental fund resources, normally resulting from operating transfers to other funds. As more fully explained in Note #8, certain loans and receivables to Wayne County were discounted and this is also reported in this category.

G. <u>Interfund Transactions</u>

<u>Operating Transfers</u>: Except as described below, transactions between funds are classified as operating transfers. These include most of the routine transfers of resources between funds, such as a transfer from a fund receiving revenue to the fund through which resources are to be expended.

<u>Equity transfers</u>: Residual equity transfers, which are detailed in Note #22, are used to record capital contributions and other nonrecurring or nonroutine transfers of equity between funds.

<u>Reimbursements</u>: The reimbursement method reclassifies an expenditure/expense from the fund originally making a disbursement to another fund to which the expenditure/expense is more properly attributable. For example, the State uses this method when the administrative costs of proprietary funds and component units or pension trust funds are appropriated in the General Funds.

<u>Quasi - External Transactions</u>: Centain interfund transactions are recorded as if they were occurring with an outside entity. This method is most commonly used to report revenues of the internal service funds, pension funds, and certain expendable trust funds. The paying funds report expenditures or expenses, depending upon fund type.

NOTE 2 --- FUNDS BY CLASSIFICATION

The following table lists all of the funds and component units which make up the various fund types as of September 30, 1989. Component units which are not accounted for in the State's central accounting system but which are included in the reporting entity pursuant to GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, are identified by "(cu)." Operating funds which are subject to annual appropriation and for which statements comparing budget to actual are included in this report are identified by an "*" (see Note #3).

General Fund*

Special Revenue Funds:

Transportation Related:
State Aeronautics Fund*
State Trunkline Fund*
Michigan Transportation Fund*
Comprehensive Transportation Fund*

Conservation and Recreation Related:
Game and Fish Protection Fund*
Michigan State Waterways Fund*
Marine Safety Fund*
Game and Fish Protection Trust Fund
State Park Improvement Fund*

Regulatory and Administrative Related:
Michigan Employment Security Act —
Administration Fund*
Safety Education and Training Fund*

Other State Funds:
Counter-Cyclical Budget and Economic
Stabilization Fund*
Michigan Veterans' Trust Fund*
School Aid Fund*

Component Units:
State Building Authority (cu)
Michigan Higher Education Facilities
Authority (cu)

Debt Service Funds:

Combined State Trunkline Bond and Interest Redemption Fund Water Pollution Control Bond and Interest Redemption Fund Combined Comprehensive Transportation Bond and Interest Redemption Fund

Capital Projects Funds:

Recreation Bond Fund - State Projects

Enterprise Funds:

<u>State Funds:</u>
Liquor Purchase Revolving Fund.
State Lottery Fund
Low-Level Radioactive Waste Authority

Comprehensive Transportation Bond Construction Fund 1983 State Trunkline Fund Bond Proceeds Fund 1984 Comprehensive Transportation Bond Proceeds Fund 1984 State Trunkline Fund Bond Proceeds Fund

Recreation Bond Fund — Local Projects Environmental Protection Bond Fund Michigan Natural Resources Trust Fund* Water Pollution Control Bond Fund Michigan Nongame Fish and Wildlife Fund*

State Construction Code Fund* Homeowner Construction Lien Recovery Fund*

School Bond Loan Fund Children's Trust Fund* State Building Authority Advance Financing Fund

Michigan Family Farm Development Authority (cu) Mackinac Bridge Authority (cu):

Vietnam Veteran Era Bonus Bond Redemption Fund School Loan Bond Redemption Fund State Park Revenue Bond Fund State Building Authority (cu)

State Building Authority Advance Financing Fund State Building Authority (cu).

Michigan State Fair Revolving Fund Department of Natural Resources Magazine Fund

Component Units:

Michigan State Hospital Finance Authority (cu)

Michigan Education Trust (cu)

Michigan Higher Education Student Loan

Authority (cu)

Internal Service Funds:

Correctional Industries Revolving Fund Motor Transport Revolving Fund

Office Services Revolving Fund Telecommunications Revolving Fund State Sponsored Group Insurance Fund

Michigan Higher Education Assistance

Michigan Strategic Fund (cu)

Authority (cu): Mackinac Island State Park Commission (cu)

Michigan State Housing Development Authority (cu)

Trust Funds:

Pension Related:

Legislative Retirement Fund State Police Retirement Fund State Employees' Retirement Fund

Expendable Trust Funds:
Michigan Unemployment Compensation Fund (cu) Michigan Employment Security Act Contingent Fund Michigan State Accident Fund (See Note 1A) Second Injury Fund

Public School Employees' Retirement Fund Probate Judges' Retirement Fund Judges' Retirement Fund Municipal Employees' Retirement Fund

State Employees' Deferred Compensation Fund II (401k) Transportation Related Trust Funds Miscellaneous Trust Accounts Fund

Agency Funds:

Metropolitan Planning Fund Contribution Fund (Social Security) State Employees' Deferred Compensation Fund I (457)

Hazardous and Solid Waste Disposal Facilities Closure Guarantee Fund Insurance Carrier Deposits Fund Financial Institution Deposits Fund Michigan Hospital Finance Authority Defeased Bonds Fund

NOTE 3 - BUDGETING AND BUDGETARY CONTROL

A. Major Constitutional and Statutory Provisions

<u>Balanced Budget Requirements</u>: Article V of the State Constitution mandates that the executive budget recommend spending limits for operating funds to the Legislature that are within available resources. Compliance with this is demonstrated in the "Executive Budget" for each fiscal year.

Article IV of the State Constitution mandates the Legislature to enact appropriations for a fund that do not exceed that fund's revenue estimates. Compliance with this requirement is demonstrated in schedules included in the annual appropriation acts, usually the "General Government" appropriation act.

When it appears that revenue will fall below the estimates on which the appropriations are based, the Governor is required to recommend spending reductions as necessary to avoid a year-end deficit. This was not necessary in this fiscal year.

Revenue Limits: Effective with fiscal year 1979-80, Anticle IX, Section 26 of the State Constitution restricted State revenues to a ceiling based upon revenues for fiscal 1978-79 as a proportion of personal income for calendar year 1977. More specifically, it provides that State revenues (other than federal aid and revenues used for payment of principal and interest on general obligation bonds) in any fiscal year are limited to 9.49% of the prior calendar year's personal income. For example, the fiscal 1988-89 revenues cannot exceed 9.49% of calendar year's 1987 personal income, or the average of the three prior years' income, whicheven is greaten. Both the constitutional language and implementing statutes provide for other adjustments to the revenue and personal income calculations. If revenues exceed the limit by more than one percent, the entire amount in excess of the limit must be refunded to personal income tax payers and payers of the State's single business tax. If the limit is exceeded by an amount less than one percent, the excess may be deposited into the State's Budget Stabilization Fund.

The statutory language implementing this constitutional provision was substantially amended in 1988. During 1989, the limit itself was recalculated, pursuant to the statutory mandate and the calculation was audited by the Legislative Auditor General. The Auditor General has also reviewed the calculations for fiscal year 1987-88. The official calculation for fiscal year 1988-89 is not required to be made until June 30, 1990. Preliminary estimates indicate that state revenues for fiscal 1988-89 are well under the limit.

<u>Local Spending Requirements:</u> Article IX, section 30 requires that State spending to, or on behalf of, local units of government not fall below 41.61% of total State spending. Calculations of the percentage paid in 1988-89 are not yet complete, however, it is anticipated that payments to local units exceeded the requirement. For fiscal year 1987-88, the percentage paid to local units amounted to 44.41%.

The methods used by the State to measure payments to, or on behalf of, the local units are involved in litigation cases and the State has lost one case at the appellate level. The State is appealing that case and has been granted a stay. The State believes its position will prevail at the Supreme Court level. If the State does lose, however, it is considered most likely that any remedy would be prospective in nature and therefore no liability or loss provision has been established for this contingency.

Budget Stabilization Fund: The Counter-Cyclical Budget and Economic Stabilization Fund (a special revenue fund) was created by Public Act 76 of 1977 to assist in stabilizing revenue and employment during periods of economic recession. In general, the law requires payments into the fund when real economic growth exceeds 2% and allows withdrawals from the fund when real economic growth is less than 0%. Funds can also be withdrawn to fund capital outlay projects. Public Act 181 of 1989 also provides a formula under which the fund would finance increases in the basic membership School Aid Fund payments. The potential effect of such a transfer has not been determined at this time.

The following summarizes the transactions for the fund for 1988-89 (in millions):

Beginning balance - unreserved \$381.2 Interest income 37.9

Ending balance - unreserved \$419.2

Within the fund, a reserve for prison construction had been established in prior years. This represented unspent spending authority for projects appropriated in the General Fund in prior years, with financing to be provided by the Budget Stabilization Fund. Transfers from the reserve were made as expenditures occurred. The beginning balance of the reserve for prison construction was \$11.9 million. During 1988-89, the entire amount was utilized for prison construction.

B. Budgetary Control - Governmental Fund Types

A number of different budgetary control processes are used for the various funds and programs within funds. Annual legislative appropriations and revenue estimates are provided only for operating funds. These annually budgeted operating funds include the General Fund and 18 of the special revenue funds. (Note #2 identifies the annually budgeted operating funds.) The other funds do not have complete legally adopted budgets, but they are usually subject to some more limited form of budgetary control, such as financial plans or a limiting of expenditures to the amount of resources. The budget to actual comparative statements in this report reflect only the annually budgeted operating funds of the oversight entity.

Revenues: General purpose (unrestricted) revenue estimates are provided in both the original executive budget and in original legislative appropriations in order to demonstrate compliance with constitutional provisions. Rublic Act 431 of 1984 makes the Department of Management and Budget responsible for updating nevenue projections. Revenues restricted by law or outside grantoms to a specific program are estimated at a level of detail consistent with controlling related expenditure accounts.

Spending: The level and method of control provided over spending varies significantly between funds and programs. However, most spending authorizations for operating funds are broken down into object categories (e.g., salaries) by organizational subunits (e.g. divisions) of departments. If a department wishes to transfer spending authority from one account to another, it must, generally, receive legislative approval. Expansion of total spending authority usually requires a supplemental appropriation. In the event that expenditures exceed authorization during a year, the department must request a supplemental appropriation (carry-back) for the amount overspent.

For programs financed from restricted revenues, spending authorizations are generally contingent upon recognition of the related revenue. If revenues fall short of estimates, related spending authorizations are reduced. If revenues exceed the estimate, supplemental appropriations are usually required before they can be spent.

Budgetary control of spending is maintained by the central accounting system at the appropriation account level. Spending authority accounts are at a level of detail which makes it infeasible to include a comparison of budget to actual at the level of budgetary control in the State's Comprehensive Annual Financial Report. A separate report is published by the Department of Management and Budget detailing the disposition of authorizations at the spending account level.

C. Statutory/Budgetary Presentation

In the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual — General and Special Revenue Funds," expenditures, operating transfers out, other financing uses, and encumbrances are combined and classified by department, rather than being reported by character and function as shown in the GAAP statements. This departmental classification is used to better reflect organizational responsibility and to be more consistent with the budgetary process. Generally accepted accounting principles require that the final legal budget be reflected in the "budget" column, therefore the updated revenue estimates as of November 30, rather than the amounts shown in the original budget, are reported. The November 30 date is used because P.A. 431 of 1984 permits budget adjustments by the Legislature through 60 days after year—end.

The expenditures budget column represents original and supplemental authorizations (i.e., appropriations and carry-forwards) as adjusted for carry-backs (i.e., current year appropriations for prior year overdrafts), executive order reductions, approved transfers, restricted revenue adjustments, prior year carry-forward corrections, and timing differences. The timing differences primarily result from authorizations for multi-year projects, such as capital outlay and work projects, which are provided for a period of more than one year. Such authorization balances remaining at year-end are removed from the budget column so as to provide an "annualized" budget. "Favorable variances" generally reflect unused general purpose spending authority ("lapses") and/or unused restricted revenue authority which carries over as a reservation of fund balance; "unfavorable variances" reflect budgetary ovendrafts. If both favorable and unfavorable variances exist for a particular line, the amount shown is the net variance.

Prior year carry-forward corrections result when, subsequent to year-end, it is found that either spending authority which should have been lapsed was carried forward, or that authority which should have been carried forward was lapsed. For example, agencies may designate accounts as work project carry-forwards and it may be later determined that they have not met the legal requirements for such treatment. When these situations occur, the spending authority ("Budget") in the new year is reduced (or reinstated). Therefore, the amount reflected for spending authority brought forward in the current year will not agree, exactly, with the amount reserved for multi-year projects in the prior year.

The Office of the Auditor General is questioning the legal authority for budgetary carry-forwards of \$31.3 million last year and \$11.7 million this year. Expenditures from the \$31.3 million questioned last year amounted to \$5.2 million this year.

D. Statutory/Budgetary Reconciliation - General Fund and Special Revenue Funds

The statutory/budgetary basis presentation differs from GAAP in ways that do not affect ending fund balance:

<u>Encumbrances</u>: As explained in Note #1, the State records encumbrances at year-end only if they meet certain criteria. For budgetary reporting purposes, the recorded encumbrances are included with expenditures and operating transfers in the "Actual" columns because they are considered uses of spending authority in the year the State incurs an obligation. The "Budget" columns include encumbrance authorization balances carried over from the prior fiscal year because they provided spending authority in the current year. In the GAAP basis statements, encumbrances are not included as expenditures. The effect of this difference is reflected as a reconciling item on the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balance — Budget and Actual — General and Special Revenue Funds." The encumbrance of spending authority is recorded as a reservation of fund balance under both bases of accounting.

<u>Capital leases</u>: For budgetary purposes, capitalizable lease expenditures are recognized when payments are due, rather than upon lease inception as required by GAAP. This difference does not affect fund balance because the "other financing sources" recorded under GAAP at lease inception are not recorded on the statutory/budgetary basis.

Note 3 continued on next page.

E. Budgetary Overdrafts

The following summarizes line—item overexpenditures, which represent noncompliance with state budget laws, of State funds incurred during the year (in thousands):

General Fund	
Legislative	\$ 89
Management and Budget	
Education	123
Public Health	4.051
Mental Health	27,469
Social Services	66,301
Corrections	10.081
Military Affairs	17
State Police	175
Commerce	"1
Labor	763
Licensing and Regulation	703
Natural Resources	650
Agriculture	3
<u> </u>	_
Items not assigned to departments	14.00/
General Fund Total	\$124,411
Special Revenue Funds	
State Aeronautics Fund	\$ 156
State Trunkline Fund	1,676
Game and Fish Protection Fund	8
School Aid Fund	883
Special Revenue Funds Total	S 2.726

NOTE 4 - ACCOUNTING CHANGES

Municipal Employees' Retirement Fund

In prior fiscal years, the Municipal Employees' Retirement Fund, which is administered by the State on behalf of local units of government, was classified as an expendable trust fund. This year the fund is reported in the pension trust fund group. In prior years the fund was excluded from the pension fund group because, in contrast with the other pension funds reported in these statements, the State role is purely fiduciary and the State has no obligation to make contributions to the fund. Current accounting practices for pension accounting emphasize the nature of the fund and the accounting basis (i.e., accrual) used in its separately issued reports, rather than the relationship between the fund and the reporting entity. This change in fund classification for State financial reporting purposes has no effect on the legal relationship of the fund to the State.

The effect of this change, which is being reported on a restatement basis, on the Combined Balance Sheet at October 1, 1988 was to increase the amounts reported in the trust and agency fund column as fund equity reserved for pension benefits by \$1,165.1 million, and decrease the amount of unreserved expendable trust fund balances by a like amount. The amounts of revenues, expenditures, and excess of revenues and other sources over expenditures and other uses reported in the expendable trust fund column of the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances were decreased by \$152.8 million, \$62.5 million, and \$90.1 million, respectively, with similar increases in operating revenues, expenses, and net income, respectively, reported in the pension trust fund column of Combined Statement of Revenues, Expenses, and Changes in Retained Earnings and Fund Balances.

Michigan State Hospital Finance Authority (MSHFA): Defeased Bonds

The MSHFA, a component unit reported as an enterprise fund, changed the accounting methods it uses to account for MSHFA bonds which hospitals have advance funded by placing amounts in trust with the State Treasurer as fiscal agent. In prior years, such bonds payable and related investments were reported as liabilities and assets of the MSHFA, with footnote disclosures describing the nature of these transactions. This year, it was determined that it would be more appropriate to segregate the amounts related to such defeased bonds in a separate fund. A new agency fund, the Michigan State Hospital Finance Authority Defeased Bonds Fund, was created and is now reported in these statements in that fund group.

Note 4 continued on next page.

The effect of this change, which is being reported on a restatement basis, on the Combined Balance Sheet as of October 1, 1988 was to decrease enterprise fund assets and liabilities by \$856.2 million; retained earnings was not affected. Agency fund assets and liabilities were increased by \$820.5 million. On the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings and Fund Balances for the enterprise funds, investment revenues and interest expense are reduced by the amounts related to the defeased bonds, as these are now considered additions and deductions to the agency fund's accounts.

Financial Institution Deposits Fund

This fund was established as an agency fund to account for bank trust department security deposits held by the State. The effect of this change on the trust and agency fund column in the Combined Balance Sheet as of September 30, 1989 was to increase assets and liabilities by \$28.1 million; the amount of such deposits as of October 1, 1988 has not been determined.

Michigan Education Trust

At the end of the prior fiscal year, the Michigan Education Trust (MET) was in the midst of its first enrollment period and the relatively limited financial activity was reported in the expendable trust fund group. This year MET is being reported in the enterprise fund group and accrual accounting principles are being applied. The effect of this change, which is being reported on a restatement basis, on the Combined Balance Sheet as of October 1, 1988 was to increase enterprise fund assets and liabilities by \$11.6 million and \$12.5 million, respectively. A retained earnings deficit of \$.9 million at October 1, 1988 reflects the losses incurred in the development stage in prior years. Trust and agency fund assets, liabilities, and unreserved fund balance were decreased by \$12.7 million, \$12.7 million, and \$35 thousand, respectively, as of October 1, 1988. The effect on the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings and Fund Balances for the enterprise funds is demonstrated in Note #25, "Segment Information".

Pension Fund Statement of Changes in Financial Position

The Governmental Accounting Standards Board recently issued Statement #9, which eliminates the requirement of reporting a statement of changes in financial position for pension trust funds. The pension trust fund column has, therefore, been deleted from the Combined Statement of Changes in Financial Position.

NOTE 5 - TREASURER'S COMMON CASH

A. General Accounting Policies

The State Treasurer manages the State's common cash pool, which is used by most State funds. The pooling of cash allows the Treasurer to invest monies not needed to pay immediate obligations so that investment earnings on available cash are maximized. Investments of the pool are not segregated by fund, rather, each contributing fund's balance is treated as equity in the pool, which is recorded in separate accounts within the General Fund. Many funds, including retirement funds, use their equity in the pool as a short-term investment vehicle. The Treasurer annually publishes the "Annual Report of the State Treasurer" which includes audited schedules of Common Cash Assets and Equities, Fund Investments by Type of Security, and Investment Earnings.

In the State's Comprehensive Annual Financial Report, the pooled cash is not reported as a separate fund, rather each fund's balance in the pool is reported on the balance sheet on the line "Equity in Common Cash." Beginning with this fiscal year, all negative balances in the pool are reclassified at year-end as interfund liabilities, with an appropriate fund recording the receivable. If the negative balance is considered long-term, the reclassification is recorded as an advance.

Accrued earnings of the pool are recorded as "other assets" in the General Fund and accrued distributions for the quarter ending September 30 are reflected as interfund receivables and payables. Interest revenues on positive balances and interest charges on negative balances are reflected as revenues or expenditures/expenses of each of the participating funds using the reimbursement method.

Whether a particular fund receives or pays interest on its balances in the pool is determined by statute or administrative policy. If a fund does not receive or pay interest, the General Fund receives or absorbs such amounts. Earnings on positive balances and charges on negative balances are allocated quarterly based upon the average daily balances of the various funds and the average investment earnings rate for the quarter.

B. Investments and Deposits

The investment authority for the common cash pool is found in P.A. 105 of 1855, as amended. The State Treasurer may invest surplus funds belonging to the State in the bonds, notes, and other evidences of indebtedness of the United States Government, and its agencies; and in prime commercial paper. Certificates of deposit are permitted in financial institutions whose principal office is located in the State of Michigan.

The Treasurer invests excess cash in short-term investments, mostly prime commercial paper. The Treasurer is not prohibited by law from entering into repurchase agreements; however, the Treasurer did not use these agreements in managing the pool in 1988-89.

Statutes provide for certain special State investment programs for which the General Fund is credited (charged) for earnings in excess (under) those achieved by regular pool investments. There have been no principal losses because of these to date. The programs are as follows:

<u>Emergency Loans to Local Units of Government</u>: The Treasurer may loan not more than a combined total of \$5 million in any one fiscal year to qualifying cities, villages, or townships in amounts as approved by the Emergency Financial Assistance Loan Board.

The Board has also been authorized to approve the lending of up to \$120 million to Wayne County to finance the payment of certain obligations to the State. Under a loan agreement made in 1987-88, the State loaned the County \$61.9 million in 1987-88 and \$7.0 million in 1988-89 for a total amount loaned to date of \$68.9 million. Loan repayments by the County are supported by provisions of the loan agreement and legislation which pledge the County's share of a portion of the State collected taxes on cigarettes. Repayments on the loan to date total \$18.9 million; repayments this fiscal year totalled \$4.1 million. Projected principal payments on the loan are approximately \$4.0 million annually, through 2002. After 2002 \$16.0 million will be available annually. As explained more fully in Note #8, additional loans of \$14.5 million are anticipated for 1989-90.

Under the provisions of the loan agreement with the County, interest on the loan is forgiven if the County meets certain criteria. If the interest is forgiven, the General Fund absorbs the loss through a reduction of its portion of the pool's investment income. Since it is anticipated that the County will continue to satisfy the criteria allowing forgiveness, the loan and the General Fund's equity in common cash have been discounted to present value. The discount on the \$61.9 million loaned in 1987-88 amounted to \$15.1 million and the discount on the \$7.0 million loaned in 1988-89 amounted to \$4.3 million; discounts to date total \$19.4 million. Amortization of the discount is recorded as an increase in General Fund interest income and this totalled \$2.2 million this fiscal year.

<u>Farm Disaster Relief Program</u>: Created in 1986, this program permits the Treasurer to invest up to \$200 million in zero percent rate of interest certificates of deposit and notes of financial institutions for a term of at least 3 years for the purpose of providing the financial institutions with funds to lend to farmers with weather related losses in 1986 at zero percent rate of interest. Repayment to the State by financial institutions must be made after 3 years unless a financial institution can show on an annual basis that the farmer to whom a loan has been made is experiencing financial distress, in which case the State investment may remain outstanding for an additional 7 years.

The following schedule of assets and equities (in millions) is a summary of the common cash pool as of September 30.

	1989	1988
ASSETS		
Cash on hand	\$ -	1. \$
Demand deposits	21.3	112.6
Time deposits regular	24.9	14.8
Time deposits & notes - Farm Disasten Relief Program	30.1	151.6
Prime commercial paper — at cost	2,098.4	1,706.4
U.S. Treasury bonds — at cost	5.1	5.1
Emergency loans to local units — at cost	62.1	74.3
Less discount on interest free loan	(17.2)	(15.3)
Total assets	\$2,225.0	\$2.049.8
EOUITIES		
Fund equities (net) in common cash (1)	\$2,209.4	\$2,032.2
Imprest cash and other items		17.5
Net fund equities		\$2,049.8

(1) Negative balances in the pool were reclassified at year-end as interfund receivables and liabilities. Within the governmental type funds, the General Fund recorded receivables (\$161.1 million) from: the School Aid Fund (\$153.2 million), Recreation Bond Fund - Local Projects (\$.2 million), Environmental Protection Bond fund (\$2.4 million), Recreation Bond Fund - State Projects (\$.1 million), and the State Building Authority Advance Financing (capital projects) Fund (\$5.2 million). Within the enterprise type funds, the Liquor Purchase Revolving Fund recorded long-term advances receivable (\$4.3 million) from the Michigan State Fair Revolving Fund (\$3.8 million), and the Department of Natural Resources Magazine Fund (\$.5 million). Within the internal service type funds, the State Sponsored Group Insurance Fund recorded current receivables (\$5.6 million) and long-term advances receivable (\$30.5 million) from the Motor Transport Revolving Fund (\$5.0 million current, \$30.5 million long-term) and the Telecommunications Revolving Fund (\$.6 million, current).

At September 30, 1989 and 1988, the market value of prime commercial paper was \$2,108.0 and \$1,714.4 million, respectively and the market value of the U.S. Treasury bonds was \$5.3 million and \$5.1 million, respectively. Using the GASB categories of credit risk (described in Note #9), all of the investments are in category 1, except for \$1,394.5 million of prime commercial paper which falls in category 2. The category 2 prime commercial paper investments are those where the State's agent is one of the issuing banks for the issuer.

Deposits, including time, demand, and agricultural loan program deposits, are fully insured by the FDIC (\$11.6 million) or collateralized with securities held by the State's agent in the State's name (\$54.5 million), except for uncollected deposits (\$9.0 million). Using the GASB categories of deposit credit risk (described in Note #9), all of the deposits, except for the uncollected deposits, are in category 1.

Of the Farm Disaster Relief program amounts, \$27.8 million is categorized (risk category #1) as deposits with banks and \$2.3 million is categorized with investments (e.g., notes receivable from production credit associations and banks).

NOTE 6 - TAXES RECEIVABLE

In general, taxes receivable represent amounts due to the State at September 30 that were received by the State within approximately 60 days after that date. Sales, use, and income taxes are accrued to the extent that the related sales or wage payments occurred prior to October 1 and the State receives deposits prion to December 1. Annual tax payments (e.g. those filed on an annual basis) have not been accrued because they are neither reasonably estimable nor available. Single business tax revenue is similarly accrued, with receipts received prior to December 1 (i.e., quarterly filings are due November 30) recognized as revenue to the extent that the activities being taxed occurred prior to October 1. The telephone and telegraph taxes are due December 1 and are received at approximately that time. Delinquent taxes are recognized to the extent that they will be collected within 12 months, except for the Michigan Unemployment Compensation Fund (expendable trust) which only records taxes received within 60 days as receivables.

Taxes receivable (amounts expressed in millions), as of September 30, consisted of the following:

		FUND TYPES			
_	General	Special <u>Revenue</u>	Expendable <u>Trust</u>	1989 <u>Total</u>	1988
Sales & use	\$ 231.5 600.1 510.7 69.3	\$ 201.3	\$ - - -	\$ 432.9 600.1 510.7 69.3	\$ 476.2 542.6 540.5 64.2
Motor fuell	26.9 36.0 451.1	90.1 2.3 - 22.9	139.6	90.1 29.3 139.6 58.9 451.1	87.3 28.4 144.5 45.4 425.6
Gross taxes receivable	1,925.8	316.7	139.6	2,382.2	2,354.7
Less allowance for uncollectibles.	(802.0)	(104.9)		(907.0)	(895.5)
Total taxes receivable (net)	\$1.123.7	\$ 211.7	\$ 139.6	\$1.475.2	\$1.459.1
As Reported on Balance Sheet Current taxes receivable Noncurrent taxes receivable	52.2	\$ 206.8 4.9	\$ 139.6	\$11,418.0 57.1 \$11,475.2	\$1,419.3 39.8 \$1,459.1
Total taxes receivable (net)	31.123./	\$ 211.7	<u>\$ 139.6</u>	31:4/D.L.	31.733.1

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NOTE 7 - INCOME TAX CREDITS

The Michigan Income Tax Act allows for tax credits which are applied against the computed individual income tax amount. The property tax and home heating credits may exceed an individual's tax liability and generate a payment to the individual. These credits are accounted for as a reduction of income tax revenue, similar to over withholding refunds.

Public Act 516 of 1988 provided for a new tax credit. Senior citizens are eligible for tax credits based upon the purchase of prescription drugs. The cost of the program, including administration, is limited to a maximum of \$20.0 million.

Calendar year 1989 estimates and 1988 actual return credits are presented in the following table (in millions):

	CALENDAR YEAR	
	1989 Estimate	1988 <u>Actual</u>
Property tax credits	4060 0	4000 4
General homestead		\$322.4
Senior citizens	315.0	296.5
Farmland preservation	55.0	54.9
Other	14.0_	13.5_
Subtotal - property tax credits	744.0	687.3
Other credits		
City income tax	33.0	31.4
College contributions	17.5	16.5
Home heating (including federal share)	35.0	34.9
Senior citizens' prescription drugs	19.5	34.7
		10 -
Others	21.0_	<u> 19.8</u>
Total individual income tax: credits	\$870.0	\$ 789.9

Of the 1989 estimated credits, \$589.9 million has been established as a liability of the General Fund at September 30, 1989 and is included in the "Income Tax Refunds Payable" amount of \$795.9 million.

NOTE 8 - LOCAL UNIT SETTLEMENT DISCOUNTS

The General Fund other financing use of \$14.6 million on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances line titled "Local unit settlement discounts" resulted from the discounts, calculated at a rate of 8.432%, on a loan made during the year and an additional loan anticipated to be made to Wayne County from the State's common cash pool. As explained more fully in Note #5, such loans are authorized by the State's Local Emergency Financial Assistance Loan Board under the loan agreement dated July 21, 1988.

Under this agreement the State loaned the County \$7.0 million in 1988-89. The General Fund's equity in common cash has been reduced to present value by recording a discount of \$4.3 million for this loan. It is anticipated that an additional loan of \$14.5 million will be made in 1989-90 to finance repayment of certain other State receivables from the County. These receivables have, therefore, been discounted to a present value of \$4.2 million by recording a discount of \$10.3 million.

NOTE 9 - DEPOSITS AND INVESTMENTS

A. General Information

This note provides information for all deposits and investments except those of the Common Cash pool which are described in Note #5. The following table summarizes "Investments" (including deposits with financial institutions that are held for investment purposes) as reported on the balance sheet (in millions):

Fund Type	Current Investments	Noncurrent Investments	Total <u>Investments</u>
General Fund	. \$ -	\$ -	\$ -
Special Revenue State Funds	, ————————————————————————————————————	29.3	29.3
Component Units: State Building Authority Other Component Units	. 26.9 14.0	<u>-</u>	26.9 14.0_
Total		29.3	70.3
Debt_Service State Funds	. 1.4	1.5	2.9
Component Units: State Building Authority		70.6	199.1
Total	129.9	72.1	<u>202.0</u>
Capital Projects Component Units:	46. 0		46.0
State Building Authority			<u>46.8</u> 46.8
Enterprise			40.0
State Funds: State Lottery Fund	. 46.8	413.4	460.2
Michigan State Housing Development Authority Michigan State Hospital Finance Authority	. 189.6	296.4 163.7	734.3 353.4
Michigan Education Trust	. 38.1	129.5	286.8 38.1 172.1
Total		\$ 1,003.1	\$2.045.1
<u>Trust and Agency</u> State Funds:			
Pension Trust FundsState Employees' Deferred Compensation Fund I (457 Other State Funds)	\$14,031.1 729.8 417.7	\$16,303.7 729.8 439.1
Component Units: Michigan Unemployment Compensation Fund	1.222.1		1,222.1
Total	3.516.1	15,178.6	18,694.8
Total Investments	. \$ 4,775.9	\$16,283.3	\$21,059.3
Total State Funds	. 2,342.2	15,622.9	17,965.2
Total Component Units	2,433.7	660.4	3.094.1
Total Investments	. \$ 4,775.9	\$16,283.3	\$ 21 .05 9.3

Note 9 continued on next page.

<u>Deposits</u>: In accord with Statement 3, deposits are classified into three categories of credit risk, as follows:

- Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name
- Category 3: Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

<u>Investments</u>: In accord with Statement 3, investments are also classified into three categories of credit risk, as follows:

- Category 1: Insured or registered, or securities held by the entity or its agent in the entity's name
- Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name
- Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities.)

Certain types of investments, such as money market funds and mutual funds, are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Because a combining of the disclosures for all of the various funds and component units would not provide a useful description for the various entities involved, the State has chosen to present these disclosures separately for the major entities with investments. Disclosures for State funds have been broken into two basic categories: pension system funds and other funds. Information regarding these deposits and investments was provided by the State Treasurer, who manages these investments.

Information for component units has been excerpted or summarized from the separately issued financial reports for each component unit. Readers interested in more detail regarding particular component units may wish to obtain the separately issued financial reports.

B. State Funds' Investments

Investment Authority and Policies

Investment authority for the State's pension funds is found in P.A. 314 of 1965, as amended. This act allows the State Treasurer, as investment fiduciary, to make diverse investments in stocks, corporate and government bonds and notes, mortgages, real estate, venture capital, and other investments. The act has prudence standards and requires that the assets of a retirement system shall be invested solely in the interest of the participants and beneficiaries and be made for the exclusive purpose of providing benefits to the participants and the participants' beneficiaries, and of defraying reasonable expenses of investing the assets of the state system. Public Acts 252 and 253 of 1988, with an effective date of January 1, 1989, amended the statute to prohibit new investments in companies that do business in South Africa and require a phased in divestiture of such investments.

The State Treasurer is also authorized to invest a limited amount of pension funds in futures contracts. Such investments were made in S & P 500 Index futures contracts during the year, however, no such investments were outstanding at year—end.

The investment authority for other State funds is found in their enabling legislations and/or their bond nesolutions where applicable. With the exception of deferred compensation plans, which primarily invest in guaranteed investment contracts with insurance companies, the investments of the non-pension funds are comprised mostly of United States government securities.



As a matter of administrative policy, the State Treasurer makes only limited use of investments in repurchase agreements. The Municipal Employees' Retirement Fund held a repurchase agreement of \$30.0 million at year—end, with collateral held by an agent for the State. Repurchase agreements are also used for the State Park Revenue Bond Fund, a "fiscal agent" fund which does not participate in the common cash pool; however, no such investments were outstanding at year—end.

The following table shows the carrying amounts and market values of investments of the State funds by investment type and in total (in millions) at September 30, 1989:

	Carrying Amount			
Type of Investment	Pension Trust Funds	Other <u>State Funds</u>	Total	<u>Market Value</u>
Prime commercial paper	\$ 2,242.1	\$ -	\$ 2,242.1	\$ 2,252.0
Repurchase agreements	30.0	-	30.0	30.7
Bankers' acceptances	.5	• • • • • • • • • • • • • • • • • • •	.5	.5
Government securities	2,856.9	720.6	3,577.5	3,664.1
Corporate bonds and investment contracts	2,419.7	903.5	3,323.2	3,307.5
Convertible bonds	64.6	.7	65.3	67.5
Preferred stock	14.9	3.0	18.0	18.3
Equities	6,272.4	15.0	6,287.5	7,774.1
Mortgages	971.5	-	971.5	1,109.2
Real estate	1,051.2	-	1,051.2	1,135.8
Venture capital and leveraged buyouts	379.5	-	379.5	460.2
Mutual funds (401k)		<u> 18.3</u>	18.3	18.3_
Total	\$16.303.7	\$ 1.661.4	\$17.965.2	\$19.838.8

All: of the State funds' investments fall into GASB's credit risk category #1, except for: \$946.1 million of prime commercial paper and \$.5 million of bankers acceptances, which fall into category #2; \$5.0 million of government securities (category #3); and the mutual fund (401k) investments, which are not categorized. Additional detail regarding the carrying amount and market value of pension funds is provided in Note #12. Of the "Other State Funds," the largest holders of investments were the State Lottery Fund (28%) and the State Employees' Deferred Compensation I (457) Fund (44%).

The State Lottery Fund investments (\$460.2 million) are all in the form of zero coupon U.S. Treasury bonds. As described more fully in Note #18, these investments are held to provide funding for deferred prize awards.

The State's section 457 deferred compensation plan investments (\$729.8 million) are all in the form of guaranteed investment contracts with insurance companies and these are classified with "Corporate bonds and investment contracts" in the preceding table. Additional information on this plan and the section 401k deferred compensation plan is provided in Note #19.

C. Component Unit Deposits and Investments

The following information is derived from separately issued component unit financial reports:

State Building Authority (SBA)

<u>Deposits</u> — The carrying amount of the SBA's deposits at September 30, 1989 was \$2.0 million. The deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$2.2 million. The entire bank balance was covered by federal depositiony insurance, or collateral held with the Authority's agent in the Authority's name (GASB-credit risk category #1).

<u>Investments</u> — The State Treasurer, acting as agent, is authorized by the bond resolution to invest surplus monies of the SBA in direct obligations of the U.S. government, obligations unconditionally guaranteed by the U.S. government, certain commercial paper, and U.S. government repurchase agreements. The SBA's investments in U.S. government money market funds complies with the bond resolution.

Investments of the SBA, including deposits classified as investments on the balance sheet, at September 30, 1989 were as follows (in millions):

):

	Carrying	Market <u>Value</u>
Deposits:		
Certificates of deposit	\$ 5.8	\$ 5.8
Investments:		
Repurchase agreements	95.7	95.7
U.S. government securities	170.2	171.6
State and local government securities	.8	.8
U.S. government money market funds	3_	3_
Total Investments	\$272.9	\$274.3

The certificates of deposit were covered by collateral held with the Authority's agent in the Authority's name (GASB credit risk category #1). All of the investments fall in GASB credit risk category #2, except for \$14.7 million of repurchase agreements categorized as GASB credit risk category #3 and the U.S. government money market funds, which are not categorized.

Michigan State Housing Development Authority (MSHDA)

Statutes authorize MSHDA to invest, at its discretion, funds held in reserve or sinking funds, or monies not required for immediate use or disbursement, in obligations of the State or the U.S. government, in obligations the principal and interest of which are guaranteed by the State or U.S. government, or in other obligations as may be approved by the State Treasurer.

Included in cash and investments of the Authority are funds held in trust for mortgagors with a carrying value of \$174.5 million at June 30, 1989.

Investments of the MSHDA, including deposits classified as investments on the balance sheet, at June 30, 1989 were as follows (in millions):

	GASB_Category			Total		
	#1	#2	_#3	Not Categorized	Carrying <u>Value</u>	Market Value
Deposits: Certificates of deposit Investments:	\$124.1	s -	\$ -	\$ -	\$124.1	\$124.1
Government securities	-	187.7	18.0	-	205.8	228.7
Insured mortgage backed securities. Government backed securities	-	80.3 5.1	23.2 91.8	-	103.5 96.9	102.9 100.9
Investment agreement	-	173.8 -	11.7	-	173.8 11.7	173.8 11.7
Government money market funds Repurchase agreements		5.9		12.3	12.3 <u>5.9</u>	12.3 5.9
Total Investments	\$124.1	\$453.0	\$144.8	\$ 12.3	<u>\$734.3</u>	\$760.7

Certificates of deposit were entirely covered by federal depository insurance or required collateral held by the Authority's custodial banks in their fiduciary Federal Reserve accounts with the Authority identified as the secured party.

The majority of the government securities (\$187.7 million) owned by the Authority are on deposit with the Authority's custodial banks. These banks hold these securities by book entry in their fiduciary Federal Reserve accounts for their trust departments. The Authority's ownership of these securities has been identified in the internal records of the banks. Other government securities are held by broker/dealers in their street names for the Authority's account (\$18.0 million). Some insured mortgage backed securities are held by the Authority's custodial bank in a New York custodial account of the bank's trust department (80.3 million). These securities are registered in the bank's name with internal bank necords identifying the Authority's ownership. The remaining insured mortgage backed securities (\$23.2 million) and tax-exempt commercial paper (\$11.7 million) are held by broker/dealers in their street names for the Authority's account. Government backed securities are held by the custodial banks' trust departments in the Authority's name (\$5.1 million) and by broker/dealers in their street name for the Authority's account (\$91.8 million). The Authority's broker/dealers in their street name for the Authority's account (\$91.8 million). The Authority's account (\$91.8 million) and by the custodial banks' trust departments in the Authority's account (\$91.8 million). unsecured investment agreement has been approved by the State Treasurer in compliance with State statutes. Repurchase agreements have been adequately supported by bank government securities deposited in the banks' fiduciary Federal Reserve accounts with the Authority identified as the buyer.

Michigan State Hospital Finance Authority (MSHFA)

<u>Deposits</u> — The carrying amount of the MSHFA's deposits at June 30, 1989 was \$3.4 million and the bank balance was \$3.5 million. The entire bank balance was covered by federal depository insurance, or collateral held with the Authority's agent in the Authority's name (GASB credit risk category #1).

<u>Investments</u> - Investments are restricted to obligations of the State or U.S. government, obligations the principal and interest of which are guaranteed by the State or U.S. government, or certificates of deposit of a bank which is a member of the Federal Reserve System or a savings and loan association which is a member of the Federal Home Loan Bank System. Certain other restrictions as to investments are contained in the bond resolution for each bond issue.

A portion of the Authority's investments is held in short-term repurchase agreements (that is, a purchase of securities with a simultaneous agreement to resell them in the future at the same price plus a contract rate of interest) with a bank. The Authority's policies for investment transactions involving repurchase agreements are substantially the same as those for all other investments. All repurchase agreements entered into by the Authority are collateralized by U.S. Treasury notes. The U.S. Treasury notes underlying the repurchase agreements are held either by the Authority's agent, or by the financial institution from which the repurchase agreements were purchased, but not in the Authority's name.

Through arrangement with the State Treasurer, acting as agent, the Authority is permitted to invest all cash which is available on a day-to-day basis. Uncashed drafts are classified as drafts outstanding, therefore, monies available for investment include both demand deposits and drafts outstanding. It is required by the bond resolutions that all money deposited with any depository (excluding deposits held by the State Treasurer) in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured to the extent permitted by law by obligations of the United States or of the State of a market value at all times equal to the amount of such excess deposit.

Investments of the MSHFA, including deposits classified as investments on the balance sheet, as of June 30, 1989 were as follows (in millions):

	Carrying _Amount	Market <u>Value</u>
Deposits:		
Certificates of deposits	\$ 60.7	\$ 60.7
Investments: U.S. Treasury bills	3.5	3.5
U.S. Treasury notes	173.0	173.8
U.S. Treasury coupon strips	15.8	15.8
Certificates of indebtedness	5.8	5.8
Repurchase agreements secured by		
U.S. Treasury notes	<u>96.5</u>	<u>96.5</u>
Total	355.6	\$356.2
Less deferred gain on sale of		
investments (see below)	$\frac{(2.1)}{}$	
Total Investments	\$ 353.4	

During fiscal year 1989, the Authority sold certain investments and replaced them with similar investments having higher yields. The gain on the sale of these investments has been deferred and is being amortized to expense over the life of the new investments using the interest method.

All securities were held either by the MSHFA's agent or by the financial institution from which they were punchased (the counterparty), but not in the MSHFA's name (GASB credit risk category #3).

All investments are committed for either future loans or long-term debt requirements.

Michigan Education Trust (MET)

<u>Deposits</u> — The carrying amount of the MET's deposits at September 30, 1989 was \$260,355. The deposits were reflected in the accounts of the bank at \$260,355. Of the bank's balance, \$100,000 was covered by federal depository insurance coverage (GASB credit risk category #1) and \$160,355 was uninsured and uncollateralized (GASB credit risk category #3). Deposits generally total less than \$100,000.

Note 9 continued on next page.

<u>Investments</u> - Investment authority for the MET is found in P.A. 316 of 1986. This act allows the MET board to enter into an investment agreement with the State Treasurer. This investment agreement allows the State Treasurer, acting as agent, to make diverse investments in stocks, corporate and government bonds and notes, mortgages, real estate, venture capital, and other investments. The agreement provides for periodic reporting of investment activity and results to, and oversight by, the MET board.

The investments of the MET at September 30, 1989 are all in the form of prime commercial paper with a carrying value and a market value of \$286.8 million. The investments fall in GASB credit risk

Michigan Higher Education Assistance Authority (MHEAA)

<u>Deposits</u> — At September 30, 1989, the carrying amount of the MHEAA's cash deposits was \$-0- and the bank's balance was \$222,919. Of the bank's balance, \$100,000 was covered by federal depository insurance (GASB credit risk category #1) and \$122,919 was uninsured and uncollateralized (GASB credit risk category #3).

Due to higher cash flows at certain times of the year, the MHEAA's investment in uncollateralized deposits held by the bank increased significantly at times. The maximum amount during the year of "uninsured and uncollateralized" deposits was approximately \$1.4 million.

Investments - Investments of the MHEAA, including deposits classified as investments on the balance sheet, as of September 30, 1989 were as follows (in millions):

	Carrying <u>Amount</u>	Market <u>Value</u>
Deposits:	412.2	410.0
Certificate of deposit Investments: Money market funds	\$12.2	\$12.2
government securities U.S. government securities	9.6 16.2	9.6 <u>16.1</u>
Total Investments	\$38.1	\$ 38.0

The certificates of deposit and U.S. government securities were held by the MHEAA or its agents in the Authority's name (GASB credit risk category #1). The money market funds are not categorized.

Michigan Higher Education Student Loan Authority (MHESLA)

Deposits - At September 30, 1989, the carrying amount of the MHESLA's cash deposits was \$5,977,461 and the bank's balance was \$5,723,619. Of the bank's balance, \$396,845 was covered by federal depository insurance (GASB credit risk category #1) and \$5,326,774 was uninsured and uncollateralized (GASB credit risk category #3).

Due to higher cash flows at certain times of the year, the MHESLA's investment in uncollateralized deposits held by the bank increased significantly at times. The maximum amount during the year of "uninsured and uncollateralized" deposits was approximately \$5.3 million.

<u>Investments</u> - Investments of the MHESLA at September 30, 1989 were as follows (in millions):

	Carrying <u>Amount</u>	Market Value
Investment agreement U.S. government securities	\$38.4 <u>34.0</u>	\$38.4 34.3
Total Investments	<u>\$72.4</u>	\$72.7

Total Investments

\$72.4

\$12.1

The U.S. government securities were registered and held by the Authority's agent in the Authority name (GASB credit risk category #1). The investment agreement is not categorized.

Note 9 continued on next page.

Michigan Strategic Fund (MSF)

<u>Deposits</u> — The carrying amount of MSF's deposits at September 30, 1989 was \$2,423,141. The deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$2,434,272. Of the bank's balance, \$1,804,778 was covered by federal depository insurance (GASB credit risk category #1) and \$629,494 was uninsured and uncollateralized (GASB credit risk category #3).

The MSF believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, it evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

<u>Investments</u> — The MSF is authorized to invest surplus monies in direct obligations of the U.S. government, obligations unconditionally guaranteed by the U.S. government, certain commercial paper, and U.S. government repurchase agreements. Investments as of September 30, 1989 are summarized below (in millions):

	Carrying <u>Amount</u>	Market <u>Value</u>
U.S. government securities Commercial paper Bank cash management funds	\$58.5 37.8 	\$58.6 38.4
Total Investments	\$98. 1	\$98.7

All of the U.S. government security and commercial paper investments (\$96.4 million) fall into the GASB's risk category #3. The bank cash management funds are not categorized. The investments in the funds comply with bond resolution requirements.

Mackinac Bridge Authority (MBA)

At September 30, 1989, the carrying amount of the MBA's deposits was \$68,377 and the bank balance was \$317,802. Of the bank balance, \$160,895 was covered by federal depository insurance (GASB deposit risk category #1), \$150,000 was collateralized (GASB deposit risk category #2), and \$6,907 was uninsured (GASB deposit risk category #3). The MBA is authorized to invest in obligations of the U.S. Treasury. At September 30, 1989, the carrying amount of U.S. Treasury bills was \$14,077,952 and the market value was \$14,395,524. These investments were uninsured, unregistered and held by the Bank's trust department's agent in the Authority's name (GASB risk category #2).

Mackinac Island State Park Commission (MISPC)

The carrying amount of MISPC investments at September 30, 1989 was \$1,481,689. This included a \$120,000 U.S. Treasury note which had a market value of \$139,215 and falls into GASB credit risk category #2. Investments on the balance sheet also include certificates of deposit totaling \$149,005, of which: \$140,000 is classified as GASB deposit risk category #1 and \$9,005 in GASB deposit risk category #2. Treasury bills with a carrying value of \$273,513 are classified in GASB risk category #2. Investments in government security unit trusts with a carrying value of \$939,170 are not categorized.

Michigan Unemployment Compensation Fund (MUCF)

Deposits — At September 30, 1989, the carrying amount of the MUCF's bank deposits was \$(5,360,760); and the bank balance was \$2,413,883. Of the bank balance, \$217,997 was covered by federal depository insurance (GASB deposit risk category #1) and \$2,195,886 was covered by collateral heldin book entry securities by pledging custodial banks at a Federal Reserve Bank (GASB deposit risk category #2).

<u>Investments</u> — Investments (\$1,222.1 million) represents the MUCF's interest, at cost (approximates market), in a U.S. Treasury trust fund managed by the Secretary of the Treasury pursuant to Title IX of the Social Security Act, which includes deposits from the unemployment compensation funds of various states. The trust fund is required by statute to invest only in obligations guaranteed by the U.S. government. The MUCF is credited quarterly with trust fund investment earnings only to the extent the Fund's equity in the trust fund exceeds the balance of outstanding advances (see Note #17) made to the MUCF, as computed on a daily basis.

NOTE 10 - MORTGAGES AND LOAMS RECEIVABLE

Mortgages and loans receivable (in millions) reported in the enterprise fund group consist of the following:

·	Mortgages and Loans Receivable (Gross)	Unamortized Discount and Deferred Loan Origin— ation Fees	Allowance for Possible Losses	Mortgages and Loans Receivable (Net)
Michigan State Housing Development Authority Michigan State Hospital Finance	\$1,655.9	\$ (9.0)	\$ (22.5)	\$1,624.4
Authority	1,219.7	(25.3)		1,194.3
Student Loan Authority	122.8	-	-	122.8
Assistance Authority	3.6 28.4		(2.7) <u>(12.0)</u>	.8 16.4
	\$3.030.5	\$ (34.3)	\$ (37.2)	\$2.958.8

The Michigan State Housing Development Authority had loan commitments outstanding at June 30, 1989 of \$69.2 million. The Michigan Strategic Fund had loan commitments outstanding at September 30, 1989 of \$2.7 million.

Mortgages held as investments by pension trust funds (\$971.5 million at book) are reflected as long-term investments.

NOTE 11 - PROPERTY, PLANT, AND EQUIPMENT

Proprietary Funds

<u>Classification</u>: The following table summarizes, by major class of asset, the recorded costs of fixed assets included in proprietary funds, as of September 30, 1989 (in millions):

Classification	Enterprise Funds	Internal Service Funds
Land Buildings and Equipment Construction in Progress Total	\$ 9.8 40.6 -2 50.7	\$ - 150.0
Allowance for Depreciation	(20.7)	(54.5)
Net Property, Plant, and Equipment	\$ 30.0	\$101.3

<u>Depreciation</u>: Depreciation methods and useful life estimates used for buildings and equipment vary between the different funds and component units. The estimated service lives of the respective assets range from 5 to 60 years for buildings and 3 to 20 years for equipment. Several funds and component units in the proprietary and pension trust fund classes do not capitalize and depreciate their <u>fixed</u> assets if the asset costs are insignificant in comparison to total operating costs.

General Fixed Assets

Changes by Classification: The following table summarizes, by major class of asset, the changes in recorded costs for the General Fixed Assets Account Group (in millions). Increases and decreases in general fixed assets which resulted from fiscal year 1988-89 transactions are reflected in the additions and deletions columns. The adjustments and reclassifications column includes the reclassification of completed construction projects from construction in progress to land and buildings and various other adjustments.

Classification	Balance September 30, 1988	Additions	<u>Deletions</u>	Adjustments and reclass— <u>ifications</u>	Balance September 30, 1989
LandBuildingsEquipmentConstruction in Progress	1,088.0 417.3	\$ 5.7 87.3 58.7 230.2	\$ 1.7 27.5 19.0	\$.9 210.8 (13.6) (216.6)	\$ 187.5 1,358.8 443.2 240.5
Total General Fixed Assets.	\$1.914.9	\$ 382.1	\$ 48.3	\$ (18.5)	\$2,230.1

<u>Funding Source</u>: The following summarizes the funding source of the investment in general fixed assets as of September 30, 1989 (in millions):

Fund	Investment
General Fund	\$1,685.0
Transportation Related	139.8
Conservation and Recreation Related	38.2
Regulatory and Administrative Related	35.4
Mackinac Bridge Authority	1.4
Capital Projects Funds	330.1
Total Investment in General Fixed Assets	\$2,230.1

Construction in Progress: The following summarizes the major types of projects included in construction in progress as of September 30, 1989 (in millions):

Type of Project	Estimated Cost	Authorized	Expended
Correctional facilities: New prisons Other Other projects	\$449.9 83.1 100.0	\$449.9 55.1 98.5_	\$175.1 28.9 36.4
Totals	\$633.1	\$603.7	\$240.5

In addition to the projects noted above, the State has planned other construction projects which were unfunded as of September 30, 1989. The costs of these projects, as well as the unfunded portion of projects currently in progress, will be funded from future years' resources.

NOTE 12 -- PLINSION BENEFITS

The State of Michigan makes legally required contributions to the following pension plans. The contributions to the Public School Employees' Retirement System are non-employer contributions to a multiple-employer pension system. The contributions to the Probate Judges' Retirement System are employer contributions to a multiple-employer pension system. The contribution to all other systems are employer contributions to single-employer defined benefit systems. Each system is accounted for in a separate fund: 2023673470

Legislative Retirement System (LRS) State Police Retirement System (SPRS) State Employees' Retirement System (SERS) Public School Employees' Retirement System (PSERS) Probate Judges' Retirement System (PJRS): Judges' Retirement System (JRS)

Note 12 continued on next page.

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The State administers the Municipal Employees' Retirement System (MERS), an agent multiple employer pension plan which provides retirement and associated benefits to employees of 366 local units of government within the State. As an agent, the State provides no funding and has no liability for benefits, but must exercise due care in administering the plan on behalf of its members. At September 30, 1989 the plan had net assets available for benefits of \$1,255.2 million and a pension benefit obligation of \$1,089.3 million. Employer contribution requirements are separately determined by MERS' actuary for each participating unit of government and, accordingly, individual municipality contribution rates and funding status will vary from municipality to municipality. Additional disclosures are contained in the plan's detailed financial report issued by the Bureau of Retirement Systems.

For each plan described below, the Legislature establishes both the extent to which the employer and employees are required to make contributions and establishes the benefit provisions as indicated in the "Description of Plans." The Bureau of Retirement Systems issues more detailed financial reports for each of the plans.

DESCRIPTION OF PLANS

<u>Plan benefits</u> - Members may retire at age 55 with 5 or more years of credited service, or at 55 with specified combinations of full or partial terms of office. Deferred allowance can be vested after 5 years of credited service, with benefits beginning at age 55. The plan has provisions for disability allowances and death in service payments to beneficiaries. <u>Post-retirement medical benefits</u> - Retirants, survivors and deferred vested members are provided paid dental, vision, hearing, hospital and medical coverage. The benefits are funded on the pay-as-you-go basis, with the 1988-89 expense being \$.8 million. <u>Funding requirements</u> - Members are required to contribute 9% of current compensation. The State's participation is provided by the General fund and a portion of court fees.

State Police Retirement System - Plan membership - This plan covers members of the Michigan State Police. Plan benefits - Members may retire with 25 years of service. Deferred benefits are vested after 10 years of service, with benefits beginning at age 50. The plan also provides for duty and non-duty disability retirement, as well as death benefits to beneficiaries. Post-retirement medical benefits - Health insurance coverage is provided for retirees at State expense on the pay-as-you-go basis, amounting to \$3.5 million during 1988-89. Beginning in 1988-89, the State funds the health insurance cost on a prefunding basis. Funding requirements - The system is non-contributory, with the State's contribution provided by the General Fund.

State Employees' Retirement System - Plan membership - This system is a statewide pension plan covering all State employees who are not covered by other systems. Plan benefits - A member may retire after attaining age 55 with 30 or more years of credited service, or after attaining age 60 with 10 or more years of credited service. Members eligible for supplemental benefits may retire at age 51 with 25 or more years of service, or at age 56 with 10 or more years of service. A member may retire early with a reduced retirement allowance after attaining age 55 with 15 or more years of credited service. Beginning April 1, 1988, a one year "80 and out" program provided regular retirement benefits to members having attained age 50, and whose age plus service is equal to 80 or more. The plan also has provisions for a vested deferred allowance after 10 years of service, as well as duty and non-duty disability and death-in-service provisions. A deferred retirement is available after 5 years of service for State employees occupying unclassified positions in the executive and legislative branches. Post-retirement medical benefits - Retirees have the option of continuing hospitalization and major medical coverage. The retiree pays 5% of health insurance premiums and the State pays 95% until age 65 when Medicare takes over and the State pays 100% of the remaining cost. Dental and vision coverage is available to retirees with 10% of the premium paid by the retiree. The employer's expense for these purposes in 1988-89 was \$52.8 million. The State funds the dental and vision insurance cost on a prefunding basis. The employer also paid \$3.2 million in life insurance proceeds under policies covering retirees, spouses and dependents. Funding requirements - The system became non-contributory in 1974. The majority of the plan's contributions are provided by the General and Special Revenue Funds.

<u>Public School Employees' Retirement System - Plan membership</u> - This system is a statewide pension plan covering all public education employees except those at six institutions of higher education and some employees of other institutions of higher education who elect coverage by another retirement program. <u>Plan benefits</u> - R.A. 91 of 1985 provided for employees to make a one-time irrevocable decision to join a "member investment plan." This option requires employee contributions and provides for early retirement and more liberal retirement benefits. Under the normall plan, a member may retire after attaining age 55 with 30 or more years of service, or at age 60 with 10 or more years of service. An early retirement with reduced benefits is available at age 55 with 15 or more years of service. The plan provides for a deferred allowance with vesting after 10 years, duty and non-duty disability and death-in-service provisions. <u>Post-retirement medical benefits</u> - Retirees may, under P.A. 91, continue hospitalization and major medical coverage for themselves and an expanded category of beneficiaries. Retirees pay 10% of the health premium until medicare coverages begins at age 65.

Public Act 91 also requires the State to fund the remaining cost on a prefunding basis (current year expense plus amortization of unfunded prior period costs). <u>Funding requirements</u> — The system became non-contributory in 1974 and remains so except for those employees electing the "member investment plan" option. The majority of the plan's employer contributions are provided by the School Aid Fund and the local school district employers.

Probate Judges' Retirement System and Judges' Retirement System — Plan membership — Both are statewide plans which cover substantially all judges and probate judges in Michigan's judicial branch of government. The Probate Judges' Retirement System (PJRS) became a "closed" system on 1/1/83 with probate judges taking office after that date becoming members of the Judges' Retirement System (JRS). The JRS also includes the Governor, Lieutenant Governor, Secretary of State, Attorney General (all elected), Legislative Auditor General, and the Court Administrator. Plan benefits — A member of either system may retire after attaining age 60 with 8 or more years of credited service, or at age 55 with 18 or more years of service. To retire at 55, members of the JRS must have 6 years of continuous service prior to retirement. Additionally, members of the JRS may retire at any age if credited with 25 years of service, six of which are continuous up to retirement. Both plans provide for deferred retirement with vesting after 8 years of credited service, as well as disability and death—in—service provisions. Post retirement medical benefits — Non—trial court judges and participating elected officials may choose to have hospitalization and major medical coverage continued, paying 10% of health insurance premiums until medicare coverage begins at age 65. The State's 90% funding of health insurance premiums until medicare coverage begins at age 65. The State's 90% funding of health insurance on the pay—as—you—go basis was a nominal amount because most judges participate in local unit plans. The State also provides for life insurance coverage for retirees, spouses, and children. Funding requirements—members of the JRS contribute between 3 1/2% — 7% of salary. Non—trial judges and elected state officials contribute 5% of salary. Members of the PJRS generally contribute 7% of salary to specified maximums. The State's employer contribution under both plans is funded by the General Fund and a portion of court fees.

Plan Membership	LRS	SPRS	SERS	PSERS	PJRS	JRS
Current active: Vested Nonvested	115 33	1,500 713	34,354 32,034	120,000 160,000	44: 1	295 250
Retirees & Beneficiaries receiving benefits	168	1,202	24,187	79,917	91	265
Terminated members with vested deferred benefits	32	78	753	9,900	3	23

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Market Value of Investments

The table below discloses the carrying value on the balance sheet and market value as of September 30, 1989 of each pension plan's investments. All amounts are in millions.

	Investments			
Systems	Carrying Value	Market Value		
Legislative Retirement System State Police Retirement System State Employees' Retirement System Public School Employees' Retirement System Probate Judges' Retirement System Judges' Retirement System	\$ 48.8 353.8 3,358.8 11,257.4 15.1 101.9	\$ 53.2 390.3 3,723.4 12,500.9 16.9 112.1		

Asset Valuation — The assets of the pension systems are valued differently for determination of the unfunded pension obligation than for balance sheet purposes (cost). For determining the unfunded pension obligation, the assets of the SERS, PSERS, PJRS, and the JRS systems are valued at the September 30, 1986 market value adjusted by 20% of the unrealized gains or losses since that date. The assets of the LRS and SPRS systems are valued at their September 30, 1987 market value adjusted by 20% of the unrealized gains or losses since that date.

Other Investment Information — No investment in any of the pension plans comprises 5% or more of the net assets available for benefits except that in the Legislative Retirement System an investment contract with a single insurance company amounted to \$6.9 million or 14% of its total investments. There are no significant investments made in securities issued by the State, nor are there any loans made from the pension plan to the State. Additional disclosures on investments are provided in Note #9 and on State Treasurer's Common Cash in Note #5.

Note 12 continued on next page.

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FUNDING STATUS AND PROGRESS

Actuarial Cost Methods and Assumptions

<u>Cost methods</u> — All systems use the "entry age" method which allocates a higher percent of the total cost to past service cost ("unfunded actuarial accrued liabilities") and a lower percent to current service costs ("normal cost") than does the "attained age" method. Contributions are based upon the "level percentage of payroll" method. The SPRS's death and disability benefits are funded using a one—year terminal funding method.

The following <u>assumptions</u> were used in the actuarial valuations:

	Rate of return -	Projected Salary Increases			
System	Investment of Current <u>and Future Assets</u>	Merit	Seniority	Inflation	
	% Compounded Annually	7	<u>*</u>	. 7	
LRS	7.0%	-	-	7 4.0	
SPRS	8.5	(Combined 6.5	ì	
SERS	11.2*	(Combine	d 0.2-5.8)	5.Ó	
PSERS	9.8**		ed 0.1-3.5)	5.0	
PJRS & JRS	8.0		ned 0.5)	6.5	

*Declining to 8% over 8 years

Pre— and post-retirement life expectancies of participants in all systems are based upon the 1971 Group Annuity Mortality Table. Also considered in the valuations were the rates of non-death withdrawal from active service before retirement, rates of disability, and expected retirement ages. The only changes in actuarial assumptions involved the projected rate of return on investments. In the SERS the yearly incremental decrease toward 8.0% was made, while the PERS' rate was changed from the previous year's 8.0% rate to 9.8%.

The statutes governing the SERS and the PSERS provide for one or more additional distributions to retirees and retirement allowance beneficiaries on record at the end of each fiscal year if the earnings on plan assets exceed an 8% return. The September 30, 1989 liability recorded in the SERS was \$15.4 million and in the PSERS was \$28.0 million.

The actuarial assumptions used in computing the pension benefit obligation are the same as those used to determine the GAAP required contribution except that the revised rate of return on assets for the PSERS was made effective at September 30, 1989. This affects the Pension Benefit Obligation but not the required funding for the 1988-89 fiscal year. While the GAAP required contribution was determined using a 40 year period for amortizing prior service costs, the actual contributions are governed by statutes which require amortization over the following years: LRS, SERS, and PSERS - 50 years, SPRS 49 years, PJRS and JRS 40 years.

<u>Date of actuarial valuation</u> - Valuations for all systems are as of 9/30/89. In the PSERS, the pension benefit obligation was based upon an actuarial update using estimation methods rather than a complete actuarial valuation. This was required because the PSERS records could not be modified to accommodate the "Member Investment Plan" in time to be used for the actuarial valuations needed for disclosure.

^{**}Pre-1987 retirants and beneficiaries computed at 13.8%, others at 9.8% declining to 8.0% over 7 years.

Pension Benefit Obligation (PBO)

The Pension Benefit Obligation is the actuarial present value of credited projected benefits. It measures the present value of pension benefits, adjusted for projected salary and step increases, estimated to be payable in the future as a result of employee service rendered to date. The pension benefit obligation, net assets available for benefits, and unfunded pension obligation are provided to assist readers in assessing funding status on a going-concern basis, assess progress in accumulating assets sufficient to pay benefits when due, and to allow for comparison of the State of Michigan's pension plans with each other and with those of other governmental units.

			Septemb	er 30. 1989	·		
(Dollar amounts are in millions)	LRS	SPRS	SERS	PSERS	PJRS	JRS	TOTAL
Pension benefit obligation — noncurrent employees: Current retirants and beneficiaries Terminated vested participants	6.4	4.0_	17.9	\$ 7,357.8 163.2	5_	2.4_	194.4
TotalPension benefit obligation - current employees:	\$37.6	\$ 192.0	\$1.621.9	\$ 7.521.0	<u>\$ 13.7</u>	\$ 55.0	\$ 9.441.2
Member contributions Employer financed vested Employer financed nonvested Total employer financed Total	20.6 1.6 22.2	\$ 3.7 261.2 <u>8.6</u> 269.8 \$ 273.4	\$ 82.7 1,816.4 264.9 2,081.3 \$2,164.0		6.9 	\$ 17.6 51.4 9.3 60.7 \$ 78.3	\$ 1,112.3 9,818.0 867.9 10,685.9 \$11.798.0
Pension benefit obligation	\$ 63.2	\$ 465.4	\$3.785.9	\$16.769.2	\$ 22.1	<u>\$ 133.3</u>	\$21.239.1
Net assets (at cost) available for benefits	\$ 56.7	\$ 385.4	\$3,655.1	\$12,251.4	\$ 16.7	\$ 113.1	\$16,478.4
Asset valuation adjustment	1.8	39.6	302.5	11.021.7	1.4	8.2	1.375.2
Valuation assets	\$ 58.4	\$ 425.0	\$3.957.6	\$13.273.0	\$ 18.1	\$ 121.3	\$17.853.6
Unfunded pension benefit obligation: Assets at balance sheet value (cost)		\$ 80.0 \$ 40.4	\$ 130.8 \$ (171.6)	\$ 4.517.9 \$ 3.496.2	\$ 5.4 \$ 3.9	\$ 20.2 \$ 12.0	\$ 4.760.9 \$ 3.385.8

Changes and Their Effect on the Unfunded Pension Benefit Obligation

<u>Benefit provisions</u> - Improved benefit provisions increased the pension benefit obligation at September 30, 1989 by \$1.6 million in the LRS, \$4.7 million in the SPRS, and \$488.1 million in the PSERS.

<u>Actuarial assumptions</u> - Changes in the projected rate of return on assets in the PSERS caused a reduction of the pension benefit obligation by \$841.0 million at September 30.

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STATE OF MICHIGAN

CONTRIBUTIONS

<u>GAAP Funding Requirements and Contributions Actually Made</u> - The actuarially computed contributions required to fund normal (current) costs and to amortize unfunded actuarially accrued liabilities (UAAL) are shown compared to the actual funding provided (amounts in millions):

			CONTRIBUTIONS				
		Active	Required	Actua	1		
		Member -	Employer	Employer	Employee		
System		<u>Payroll</u>	% Amount	% Amount	% Amount		
LRS:	Normal UAAL Total	\$ 6.3	32.90% \$ 2.1 2.86 .2 35.76% \$ 2.3	34.91% \$ 2.2	6.8% \$.4		
SPRS:	Normal UAAL Total	\$ 85.9	18.49% \$ 15.9 2.14 1.8 20.63% \$ 17.7	18.86% \$ 16.2	· \$		
SERS:	Normal UAAL Total	\$2,059.0	8.42% \$173.4 (.25) (5.2) 8.17% \$168.2	5.30% \$109.2	<u> </u>		
PSERS:	Normal UAAL Total	\$5,399.3	7.30% \$394.1 .67 36.2 7.97% \$430.3	8.22% \$443.7	4.07* \$129.5		
PJRS:	Normal UAAL Total	\$ 3.9	14.66 \$.6 2.87 .1 17.51% \$.7	18.66% \$.7	3.1% \$.1		
JRS:	Normal UAAL Total	\$ 371	15.80% \$ 5.9 1.49	17.60% \$ 6.5	6.2% \$ 2.3		

^{*}For those members who elect to participate in the "Member Investment Plan," 4%, otherwise "0."

The difference between the required employer's contribution and the actual amount contributed is recorded in the general long-term obligations account group.

Changes and their Effect on Required Contributions

The required contribution percent indicated above for the LRS reflects a. 3.87% increase due to changes in benefit provisions and a 2.37% decrease caused by changes in actuarial assumptions. These changes resulted in a net increase of \$.1 million in the required contribution for this fiscal year.

<u>Statutory Funding Requirements</u> — Actual contributions met or exceeded the contributions required by state law except for a deficiency of \$54.7 million in the PSERS, \$.9 million in the SPRS, and \$.1 million in the LRS. A prior year (1986-87) overfunding credit of \$42.9 million was carried forward to 1988-89 and offset what would otherwise have been a deficiency in the employer's contribution for the SERS.

THREE YEAR HISTORICAL TREND INFORMATION

The table below provides information about progress made in accumulating sufficient assets to pay benefits when they become due. Dollar amounts are in millions.

Fiscal <u>Year</u>	Net Assets Available For <u>Benefits</u>	Obligation Perce		Unfunded P.B.O. Annual As % of Covered Covered Payroll Payroll	Employer Contribution	Employer Contribution As % of Covered Payroll
LRS 198687 198788 198889	\$ 49.4 51.5 56.7	\$ 53.0 93.2 57.1 90.2 63.2 89.6	5.5	\$ 5.7 63.2% 5.9 93.2% 6.3 103.5%	\$ 1.6 1.9 2.2	28.10% 31.83% 34.91%
SPRS 1986-87 1987-88 1988-89	\$ 326.2 351.3 385.4	\$ 415.3 78.5 434.9 80.8 465.4 82.8	83.6	\$ 77.4 115.1% 82.3 101.6% 85.9 93.1%	\$ 19.6 16.6 16.2	25.30% 20.10% 18.86%
SERS 198687 198788 198889	\$ 3,105.2 3,383.2 3,655.1	\$ 3,088.6 100.5 3,386.8 99.9 3,785.9 96.5	3.6	\$1,820.8 (.9%) 1,945.7 .2% 2,059.0 6.4%	\$195.8 161.7 109.2	10.75% 8.31% 5.30%
PSERS 1986-87 1987-88 1988-89	\$10,178.5 11,142.3 12,251.4	\$13,021.9 78.2 14,679.1 75.9 16,769.2 73.1	3,536.8	\$4,749.9 59.9% 5,274.2 67.1% 5,399.3 83.7%	\$381.6 509.4 443.7	8.00% 9.66% 8.22%
PJRS 1986-87 1987-88 1 988-89	\$ 15.0 15.8 16.7	\$ 19.9 75.4 21.1 74.9 22.1 75.7	5.3	\$ 4.7 104.3% 4.5 117.7% 3.9 138.5%	\$.8 .8 .7	17.00% 17.80% 18.66%
JRS 1986-87 1987-88 1988-89	\$ 90.2 100.4 113.1	\$ 112.9 79.9 124.1 80.9 133.3 84.8	% 23.7	\$ 31.1 73.0% 34.1 69.5% 37.1 54.4%	\$ 6.9 6.0 6.5	22.18% 17.10% 17.60%

Historical Trend Information

GASB Statement #5 requires the disclosure of certain ten year historical trend information. To the extent available, this information is presented in the statistical section of this report.

NOTE 13 - EARLY RETUREMENT PLAN

Public Act 3 of 1984 provided for an early retirement incentive program that was available to approximately 3,800 eligible employees in 1984 and 1,964 employees retired under the program. In addition to the basic monthly retirement benefits for which the "80 and out" retirees were eligible, they receive a monthly pension supplement ranging from \$240 to \$360 until age 62. Accumulated sick leave balances, which are normally paid in a lump sum at retirement, were spread in equal installments over 60 months, the final ones occurring in 1988-89. Payments to early retirees are made through the State Employees' Retirement Fund, which is reimbursed for the additional costs through a combination of increases in the pension funding rates and billings for the sick leave payments made.

The present value of future benefits to be paid under this plan, including basic benefits through age 60, is recorded in the State's General Long-Term Obligations Account Group using a discount rate of 8%. Fund expenditures are recognized as the payments become due.

The following payments are required by fiscal year (in thousands):

	Gross <u>Liability</u>	Present <u>Value</u>
1989-90. 1990-91. 1991-92. 1992-93. 1993-94. 1994-1996.	6,105 4,104 2,343 1,039	\$ 8,283 5,427 3,373 1,781 730 306
Total	\$22.685	\$ 19,901

NOTE 14 - COMPENSATED ABSENCES

<u>Plan: Descriptions</u>: Employees receive a 100% termination payment of unused annual leave (vacation time) upon separation from State service based upon the employee's final rate of pay. In certain cases, employees who transfer between State agencies also receive payment for unused annual leave credits. The maximum amount of leave that employees can accumulate varies with seniority, generally ranging between 240 and 300 hours.

Termination payments for accumulated sick leave balances are made only upon separation from State service and only to employees hired prior to October 1, 1980. Payments at retirement or death are based on 50% of the employee's sick leave accumulation times their last rate of pay. When separating for any other reason employees are paid a percentage of their unused sick leave which increases from 0 to 50% depending upon the balance of their sick leave hours. There is no restriction on the amount of sick leave that can be accumulated.

Accounting Policy: The State has accrued liabilities for compensated absences as required by the GASB. Annual leave is valued at 100% of the unused balance plus the State's share of social security and retirement contributions. Sick leave is valued, as explained above, at 0 to 50% plus the State's share of social security contributions. The pay rates in effect as of October 1, 1989 are used in these valuations. Liabilities related to proprietary fund types are recorded in the funds. Liabilities related to governmental fund types are considered "due and payable" and recorded in the fund only for separations or transfers that occur before year-end. The balance of the governmental fund liabilities are recorded in the General Long-Term Obligations Account Group.

The compensated absence calculation for 1988-89 was refined to include for the first time compensatory time, executive branch unclassified employees' leave balances, judicial employees' leave balances and some legislative employees' leave balances for which information was previously unavailable. In addition, October 1 bonus hours were for the first time added to annual leave balances. Including these values more accurately reflects the liability that the State is likely to pay out.

The following table summarizes compensated absences liabilities as of September 30, 1989 (in millions):

3.3 \$	45 • 7	.
		236 236
37.6 \$ 2)	10.5 \$ 398	± 7347
3	2.7 20	2.7 204.2 387

NOTE 15 — GENERAL LONG-TERM OBLIGATIONS

A. Bonded Debt

General Obligation Debt

Article 9, Section 15 of the 1963 State Constitution authorizes general obligation long-term borrowing, subject to approval by the Legislature and a majority of voters at a general election. In addition, debt may be incurred without voter approval for the purpose of providing loans to school districts. General Fund appropriations are made to finance debt principal and interest requirements for all general obligation issues except school loan bonds, where only the excess of requirements over loan repayments is provided. General obligation bonds are backed by the full faith and credit of the State.

Revenue Dedicated Debt

<u>State Funds</u> — Long-term bonds have been issued periodically for specific purposes, with the stipulation that financing of debt requirements is to come strictly from designated revenue sources. The State's general credit does not support such issues.

State Building Authority - Revenue bonds have been issued by the State Building Authority to acquire and/or construct various facilities for use by the State or institutions of higher education. Revenue bonds have also been issued to finance equipment capital lease refinancings and acquisitions. These bonds are obligations of the authority and do not constitute direct general obligations of the State. The debt requirements of the bonds are financed through General Fund appropriations, excess bond proceeds, and investment earnings.

Note #18 provides disclosures regarding the long-term debts of the funds and component units in the enterprise fund type.

General obligation and revenue dedicated bonds issued and outstanding (excluding defeased bonds) at September 30, 1989 (expressed in millions) are as follows:

			MATUR	ITIES:	AVERAGE
GENERAL OBLIGATION DEBT (1)	AMOUNTS ISSUED	0UTSTANDING 9/30/89	FIRST YEAR	LAST YEAR	INTEREST RATE PERCENTAGE
School Loan Bonds: Series VI	\$ 7.5 1.5 1.9	\$ 7.0 1.5 1.9	1988 1988 1989	1 9 95 1 9 89 1 9 89	5.92 5.80 7.03
Series II	15.0 50.0 80.0 70.0 50.0 33.0	1.0 20.0 20.0 14.0 11.0 25.0	1980 1979 1973 1974 1975 1987	1990 1999 1999 1998 1993 1994 1989	5.99 4.43 4.34 4.56 4.34 9.15 5.23
TOTAL GENERAL OBLIGATION DEBT	498.9	106.4			
REVENUE DEDICATED DEBT					
State Funds: State Park Revenue Bonds Series I-VIII Tax Dedicated Bonds: Michigan Comprehensive Transportation:	19.1	6.6	1963	1996	5.78
Series 1985 (Series B Refunding) Series 1986 (Refunding) Series 1988 (Series I and II Refunding) State Trunkline Fund Bonds:	57.8(2) 103.5 105.1	22.7 91:8 105:1	1985 1986 1991	2011 2014 2011	8.53 7.65 7.30
Series 1983 (Series A and B)	135.0(3) 50.0 105.6	40.2 19.3 102.1	1987 1987 1987	1995 1995 1999	9.65 N 9.53 N 7.34 N
TOTAL REVENUE DEDICATED DEBT - STATE FUNDS	576.1	388.0			73478

Note 15 continued on next page.

	-		MATUR	ITIES	AVERAGE INTEREST
	AMOUNTS	OUTSTANDING	FIRST	LAST	RATE
	ISSUED	9/30/89	YEAR	YEAR	PERCENTAGE
State Building Authority:	•				
1979 Revenue Bonds - Series I	89.4	9.1	1982	1999	6.36
1982 Revenue Bonds - Series II	21.0	13.6	1983	1995	8.46
1984 Revenue Bonds - Series I	104.9	94.4	1987	2001	9.38
1985 Revenue Bonds - Series I	4.3	2.3	1986	1996	6.52(4)
1986 Revenue Bonds - Refunding Series I	271.0	248.8	1987	2004	7.03
1986 Revenue Bonds - Refunding Series II	39.7	39.7	1990	2001	6.84
1986 Revenue Bonds - Refunding Series III	105.3	79.8	1987	1999	6.43
1987 Revenue Bonds - Series I	77.3(5)	76.3	1988	2001	5.52
1987 Revenue Bonds - Series II	101.3	89.5	1988	2001	6.70
1988 Revenue Bonds - Series I	78.7(5)	78.2	1989	2004	6.96
1988 Revenue Bonds - Series II	83.7(5)		1990	2003	6.83
1989 Revenue Bonds - Series I	158.5(5)		1990	2008	7.01
1989 Revenue Bonds - Series A	19.2(6)		1990	1994	6.35
TOTAL STATE BUILDING AUTHORITY DEBT	1.154.7	993.7			
TOTAL REVENUE DEDICATED DEBT	1.730.8	1.381.8			
TOTAL GENERAL OBLIGATION AND REVENUE DEDICATED DEBT	\$2.229.7	\$1.488.2			

- (1) As explained more fully in Note #28, additional general obligation bonds totalling up to \$800 million were authorized by the voters on November 8, 1988. Such bonds totalling \$100.0 million were issued subsequent to September 30, 1989. Also subsequent to September 30, 1989, additional school loan bond anticipation notes totalling \$1.7 million were issued.
- (2) The Series 1985 Michigan Comprehensive Transportation tax dedicated bond issue included capital appreciation bonds ("zero coupon") with an ultimate maturity value of \$68.2 million. These bonds are recorded in the amount of \$10.0 million, which was the present value at the time of their issue. These bonds mature in the years from 1995 to 2011. The funding for the debt service on these bonds will be provided as they mature. Accrued interest payable on the debt is not recorded as a liability and interest expenditures will be recorded as the bonds are redeemed.
- (3) Subsequent to year-end, the State issued \$145.1 million of Michigan State Trunkline bonds, which were used to refund a portion of Series 1983 A & 1983 B bonds (\$8.5 million) and to fund State Trunkline & Economic Development Construction projects (\$136.6 million).
- (4) The interest rate for the State Building Authority's 1985 Revenue Bonds is a variable rate calculated as 85 percent of "Bond Buyer Index for 11 General Obligation Bonds" set each December 15 and June 15 for the succeeding six-month periods January 1 to June 30 and July 1 to December 31, respectively. At September 30, 1989, the effective interest rate is 5.82%.
- (5) The Series 1987 I, 1988 I and II, and 1989 I State Building Authority bond issues included capital appreciation bonds ("zero coupon") with an ultimate maturity value of \$21.0 million, \$39.0 million, \$29.5 million, and \$83.9 million, respectively. These bonds are recorded in the amounts of \$11.2 million, \$14.4 million, \$11.0 million, and \$37.8 million, respectively, which were the present values at the time of their issue. These bonds mature in the years from 1993 to 2004. The funding for the debt service on these bonds will be provided as they mature. Accrued interest payable on the debt is not recorded as a liability and interest expenditures will be recorded as the bonds are redeemed.
- (6) A portion of the Series 1986 A State Building Authority bond issue (\$.5 million) was used for financing equipment in the Telecommunications Revolving Fund and, therefore, was recorded in that fund rather than the General Long-Term Obligations Account Group.

Advance Refundings and Defeasances

The State has defeased certain revenue dedicated bonds by placing the proceeds of new bonds (i.e., the "refunding" bonds in the preceding table) in irrevocable trust to provide for all future debt service on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not recorded as assets or liabilities in these statements and are not included in the other debt tables in this note.

The following table summarizes the defeased bonds outstanding at September 30, 1989 (in millions):

Amount outstanding

Michigan Comprehensive Transportation:	•
Series 1979 A	\$ 12.2
Series 1981 B	45.2
Series 1984	57.3
Series 1985 (partial) Total	25.1 \$139.9
State Trunkline Fund Bonds:	•
Series 1983	\$ 66.4
Series 1984	20.4
Total	\$ 86.9
State Building Authority:	
1982 Series I	\$ 84.2
1982 Series III	234.0
Total	\$ 318.2

Debt Service Requirements

The following table summarizes debt service requirements for outstanding bonds and bond anticipation notes (in millions):

STATE_FUNDS					STATE BUILDING AUTHORITY		
STOCAL VELOC	GENERAL O	BLIGATION	REVENUE	DEDICATED	TOTAL PRINCIPAL		
FISCAL YEARS ENDING	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	AND INTEREST	PRINCIPAL	INTEREST
1990	\$ 22.4	\$ 5.1	\$ 18.2	\$ 27.4	\$ 73.2	\$ 48.9	\$ 63.6
1991	14.0	3.9	19.6	26.0	63.6	60.4	61.5
1992	14.0	3.1	21.5	24.4	63.2	67.8	57.6
1993	14.0	2.3	23.1	22.7	62.2	69.9	53.2
1994	11.0	1.6	24.6	20.8	58.1	75.1	48.7
1995-2015	31.0	1.6	280.7	200.2	<u>513.6</u>	671.4	262.3
Total	\$106.4	\$17.9	\$388.0	\$321.8	\$834.2	\$993,7	\$547,2

Interest to maturity for the State Building Authority will be significantly smaller than the amount shown in the above table because the bonds are callable and most of the bonds will be called prior to the final scheduled maturity date. The retirement of these bonds varies from project to project, as each bond issue is related to a specific project and any excess borrowing and accrued investment earnings are restricted to that project and debt service on the related bonds. State Building Authority debt service fund unreserved fund balances totaled \$213.8 million at year—end. Most of this represents investments related to completed projects that will be used for debt service on the projects' bonds.

Some of the bonds of the State Building Authority carry variable interest rates and interest on these has been projected using an average interest rate.

B. Other General Long-Term Obligations

<u>Capital Leases</u> — Capitalized lease liabilities and a refinancing of certain capital leases with State Building Authority bonding are described in more detail in Note #16. The leases are attributable to operations of the General Fund and two special revenue funds (the State Trunkline Fund and Michigan Employment Security Act — Administration Fund).

Unemployment Compensation Borrowing Interest Liability and Compensated Absences — Details regarding these are provided in Notes #17 and #14, respectively. As explained more fully in Note #14, the compensated absences liability valuation methods were changed somewhat this year, which accounts for a portion of this year's liability increase.

Claims and Judgments — The liability recorded for claims and judgments includes projected amounts payable for workers' compensation claims and an allowance for litigation losses. The gross amount of workers' compensation liability (\$125.7 million) has been recorded at its discounted present value (\$86.7 million). This year's estimated liability was calculated using new actuarial methods, which accounts for a portion of this year's liability increase.

The allowance for estimated liability for litigation losses (\$205.1 million) includes projections for highway related negligence cases based upon historical loss ratios. It also includes amounts for other litigation where it is considered more than a reasonable possibility that a loss may be incurred. Where a range of potential loss exists, the amount recorded is based upon the expected minimum amount that will be lost if the State does, indeed, lose. In one case where the State has more than a reasonable possibility of a loss, the minimum liability is not reasonably estimable and no liability has been recorded. It should be stressed, however, that the State continues to vigorously contest all of these claims and that the State may incur no liability in the individual cases involved. Therefore, the allowance for litigation losses may be overstated (to the extent that losses do not occur) or understated (if the State losses exceed the projected minimums which have been recorded). The maximum potential loss on the allowance for estimated litigation losses is not considered reasonably measurable.

fund expenditures for workers' compensation and settled law suits with long-term repayment provisions are recognized on the "due and payable" basis. Other losses are recognized as fund liabilities in the year of settlement, except that cases settled shortly after year-end are recognized as fund liabilities using a sliding materiality scale that increases from recognizing all losses in early October to recording only settlements in excess of \$1.5 million after November 30.

Early Retirement Benefits - The State's early retirement program is described in Note #13.

<u>Pension Funding Deficiency - Current Year</u> - As disclosed in Note #12, the State's contribution to three pension funds totalled \$60.6 million less than the required amounts for the 1988-89 fiscal year.

<u>Unrecorded Limited Obligation Debt</u> — Certain State financing authorities have issued limited obligation revenue bonds which are not recorded as liabilities in these statements because the borrowings are, in substance, debts of other entities. Typically, these borrowings are repayable only from the repayment of loans, unloaned proceeds and related interest earnings, and any collateral which may be provided.

The Michigan Higher Education Facilities Authority (MHEFA) issues limited obligation bonds to finance loans to private nonprofit institutions of higher education for capital improvements. As of September 30, 1989, the MHEFA had bonds outstanding of \$66.3 million. The Michigan Family Farm Development Authority (MFFDA) issues these types of bonds to foster the development of new farm operations. As of September 30, 1989, the MFFDA had bonds outstanding of \$4.2 million.

The Michigan Municipal Bond Authority (MMBA) was created in 1985-86 to assist local units of government in reducing their short-term and long-term financing costs. The MMBA pools the borrowing needs of various units and issues limited obligation debt. The debt is later converted to local unit obligations or the proceeds are used to make loans to local units. The MMBA has also converted \$19.3 million of its 1986 A Series Local Government Loan Program Revenue Bonds to Michigan State Building Authority local project bonds, which were used to finance certain State equipment acquisitions. Unloaned proceeds or investments, as well as loan repayments by the local units, MMBA will be made only from local unit and State Building Authority loan repayments, unloaned proceeds and related investment earnings, or future revenues of the local units which may have been pledged as backing for their individual borrowings. Pledged revenues of the local units can include revenues from State sources, including distributions of State shared revenues, as well as other local sources such as property taxes. During 1988-89, the MMBA issued \$200.9 million of short-term notes and \$295.0 million of bonds. At September 30, 1989, loans outstanding to the local units total \$578.3 million. State Building Authority Bonds held by the MMBA totalled \$19.3 million.

C. Changes in General Long-Term Obligations

Changes in general long-term obligations (in millions) for the year ended September 30, 1989 are summarized as follows:

	GENERAL OBLIGATION DEBT	REVENUE DEDICATED DEBT. – STATE FUNDS	DEDICATED DEBT - STATE BUILDING AUTHORITY	CAPITAL LEASE OBLIGATIONS
Bonds and Capital Lease Obligations: Balance — Beginning	\$129.5	\$405.3	\$906.9	\$101.1
Adjustments to beginning balance New bond issues/bond anticipation notes	3.4	-	177.2	15.1
Capital lease additions		•	-	57.2
lease payments and deletions*	<u>(26.5)</u>	_(17.3)	<u>(91.0)</u>	<u>(41.9)</u>
Balance - Ending	\$106.4	\$388.0	\$993.2	\$ 131.6

*As explained in Note #16, capital lease payments and refinancings includes lease purchases refinanced with State Building Authority bonding.

	UNEMPLOYMENT COMPENSATION DEFERRED INTEREST	COMPENSATED ABSENCES LIABILITIES	CLAIMS AND JUDGMENTS	EARLY RETIREMENT BENEFITS	PENSION FUNDING DEFICIENCY— CURRENT YEAR
Other obligations: Balance — Beginning Net increase (decrease)	\$ 2.3	\$339.5	\$234.2	\$ 31.3	s -
in estimated liabilities	-	47.5	57.6	(11.4)	60.6
Payments on deferred interest	(2.3)				
Balance - Ending	<u>\$ -0-</u>	\$387.0	\$291.8	<u>\$ 19.9</u>	\$ 60.6

NOTE 16 - LEASES

The State leases various assets under noncancelable leasing arrangements. Leases which constitute rental agreements are classified as "operating" leases and the resulting expenditures are recognized as incurred over the lease term. Leases which are, in substance, purchases are classified as "capital" leases and the resulting assets and liabilities are recorded at lease inception. For capital leases in governmental funds, "other financing sources" and "expenditures" are also recorded at lease inception. Lease payments are recorded as "debt service" expenditures. (As explained in Note #3, for budgetary purposes lease payments are only reported as expenditures when paid.)

Most leases have cancellation clauses with 1-6 month notice requirements in the event that funding is not available. For reporting purposes, such cancellation clauses are not considered in the determination of whether a lease is cancelable because the likelihood that such clauses will be exercised is considered remote.

Some lease agreements include renewal or purchase options. The effect of such options is reflected in the minimum lease payments only if it is considered almost certain that the option will be exercised. Some lease agreements include escalation clauses or other contingent rentals. The State does not consider escalation clauses and contingent rentals in determining minimum lease payments.

The State has entered into a few installment purchase agreements. Because the amounts involved are immaterial, and the accounting treatment is similar, such agreements are reported together with capital leases.

During fiscal year 1988-89, the State Building Authority sold bonds to finance the buy out of several leases involving data processing and telecommunications equipment. This resulted in a decrease in capital lease obligations totalling \$10.3 million in the General Long-Term Obligations Account Group and \$.3 million in the Telecommunications Revolving Fund (internal service).

Note 16 continued on next page.

Source: https://www.industrydocuments.ucsf.edu/docs/lgil0000

Governmental Fund Types

Rental expenditures incurred under operating leases totalled \$22.8 million during fiscal year 1988-89. Payments for capital lease principal and interest totalled \$29.8 million and \$13.4 million, respectively.

A summary of the noncancelable operating and capital lease commitments to maturity follows (in millions):

Year Ended	Operating	C	<u> </u>	
September 30	<u>Leases</u>	Principal	Interest	Total
1990	\$20.7	\$ 22.6	\$13.2	\$ 35.9
1991	14.0	18.1	11.3	29.5
1992	8.7	12.2	9.5	21.8
1993	4.4	9.3	8.5	17.8
1994	1.9	7.9	7.5	15.4
1995-1999	2.6	30.6	24.2	54.9
2000-2004	.2	18.0	11.3	29.3
2005-2009		12.5	2.9	<u>15.4</u>
Total	\$53.0	\$131.6	\$88.7	\$220.4

All of the above capital leases are related to governmental fund operations and the total \$131.6 million of capital lease principal is recorded as part of the General Long-Term Obligations Account Group.

The historical cost of assets acquired under capital leases included in the General Fixed Assets Account Group at September 30, 1989 follows (in millions):

 Buildings
 \$165.6

 Equipment
 57.4

 Total
 \$223.0

Proprietany Fund Types

Rental expense incurred under operating leases totalled \$2.9 million during fiscal year 1988-89.

A summary of the noncancelable operating and capital lease commitments, including imputed interest, follows:

Year Ended September 30	Operating <u>Leases</u>	Capital <u>Leases</u>
1990	\$ 3.5	\$ 3.6
1991	2.4	3.2
1992	2.0	3.0
1993	1.8	2.8
1994	1.4	1.1
1995-1999	5.7	.4
2000-2004	4.6	-
2005-2009	4.6	
Total	\$26.2	\$14.4

All capital leases are for buildings and equipment related to Liquor Purchase Revolving Fund (enterprise), Office Services Revolving Fund (internal service), and Telecommunications Revolving Fund (internal service) operations and are recorded as fund assets and liabilities.

NOTE 17 - UNEMPLOYMENT COMPENSATION DEBT

Advances from Federal Agencies

As of September 30, 1989, the Michigan Unemployment Compensation Fund (MUCF) had a liability to the federal government of \$781.5 million for amounts borrowed to pay unemployment compensation, as compared to \$952.5 million at September 30, 1988. The debt principal is being repaid to the federal government using regular unemployment tax receipts.

On the balance sheet, the portion expected to be repaid within 12 months (\$179.0 million) is classified as a current liability which is included in the "Accounts payable and other liabilities" line. The amount expected to be outstanding at September 30, 1990 (\$602.5 million) is reported as a long-term liability on the "Advances from federal agencies" line. These transactions are recorded in the MUCF, which is a component unit included in the expendable trust fund group. Currently, none of the federal advance is interest bearing; however, as explained in Note #9, the outstanding advance balance does reduce earnings on the MUCF's equity in a U.S. Treasury trust fund.

Deferred Interest

In prior years, part of the federal advance was interest bearing. Interest payments were the responsibility of the State, not the MUCF. The federal government allowed the State to defer payments on this liability. The final payment on the deferred interest (\$2.3 million) was paid on September 30, 1989.

NOTE 18 -- LOTTERY PRIZE AMAROS, BONDS, AND OTHER LIABILITIES - ENTERPRISE FUND GROUP

Lottery Prize Awards Payable

The State Lottery Fund makes long-term prize awards for certain of its games, most notably the lotto games. Liabilities related to these deferred prize awards are recorded at their present value using discount rates ranging from 6% to 8%. The liquidation of these liabilities is provided for by investment in U.S. Treasury deep discount bonds and in the State's common cash pool.

The present value of future payments for unpaid prize awards payable as of September 30, 1989 is summarized as follows (in millions):

Twelve months ending September 30:

1990	\$ 71.0
, , , , , , , , , , , , , , , , , , , ,	55.2
1991	
1992	55.2
1993	54.8
1994	54.4
1995 through 1999	266.2
2000 through 2004	260.0
2005 through 2009	113.6
2010 through 2014	3.6
2015 through 2019	3.1
Later years	5.5_
Total	943.0
Less unamortized discount	(408.7)
Total at present value	\$ 534.2

Public Act 239 of 1972 requires that, as nearly as practicable, 45% of gross ticket revenue shall be allocated for prize awards. The prize structure for certain games being played exceeded this percentage; accordingly, additional amounts have been allocated for prize awards. The additional amounts approximated \$19.3 million in fiscal year 1988-89. More detailed information on the State Lottery Fund is available in the fund's separately issued audited financial statements, which are prepared quarterly.

Bonds Payable

All of the bonds payable in the enterprise fund group are legal obligations of component units and they are not general obligations of the State. The following summarizes bonds payable (net of discounts): by component unit (in millions):

	MSHFA	MHESLA	MISPC	MSF	MSHDA	TOTAL
Bonds Pavable	\$1.506.9	\$ 149.2	\$.4	\$ 16.8	\$1,996.6	\$3,670.0

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Note 18 continued on next page.

The following briefly describes these debts, which are more fully explained in each unit's separately issued financial statements:

Michigan State Hospital Finance Authority (MSHFA) — The bonds of this authority are limited obligation bonds which carry interest rates ranging from 5% to 15.75%. The bonds are repayable solely from loan repayments, investment earnings, and retained bond proceeds. The following table summarizes the debt service requirements of this authority as of its year—end of June 30 (in millions):

Fiscal_Year	Principal	Interest	- Total
1989-90 1990-91 1991-92 1992-93 1993-94	34.7 37.8 40.0	\$ 108.8 119.5 117.4 114.5	\$ 138.8 154.2 155.3 154.5 179.8
Total five years	210.9	\$ 571.8	\$ 782.8
Five years ending June 30, 1999 Ten years ending June 30:			
2009 2019			
Less unamortized discount	(25.6)		
Total principal	\$1.506.9		

The amounts reported as bonds payable in these statements and in the above table do not include in substance defeased bonds, which amounted to \$1,063.4 million as of June 30, 1989. The Authority recognizes no gains or losses on these defeasances, as these are passed on to the hospitals involved.

Michigan Higher Education Student Loan Authority (MHESLA) — The bonds of this authority are revenue bonds which carry interest rates ranging from 5.75% to 7.5%. The following table summarizes their debt service requirements on these bonds (in millions):

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u> Total</u>	
1989–90	2.8 2.7 5.9	\$ 9.9 9.7 9.6 7.5 6.0	\$ 12.5 12.5 12.3 13.4 15.4	
Total five years	23.4	42.9	66.3	
1994–2013	125.8	16.1	141.9	
	\$ 149.2	\$ 59.0	\$ 208.3	

During the year the MHESLA defeased \$25.0 million of bonds and \$79.4 million in notes, respectively, which resulted in the recognition of accounting losses of \$45 thousand and \$369 thousand, respectively. The defeasances and refinancing were financed by issuing \$150.0 million of new revenue bonds. There were no defeased bonds outstanding at September 30, 1989.

Mackinac Island State Park Commission (MISPC) — The commission's bonds are revenue bonds which carry an average interest rate of 7.89%. Annual principal and interest maturities for the next five years approximate \$74 thousand annually; debt service requirements after 1993—94 total \$228.9 thousand, with the final payments due in 1997. The amounts reported as bonds payable in these statements do not include \$305 thousand of outstanding bonds which were defeased in prior fiscal years.

<u>Michigan Strategic Fund (MSF)</u> — The bonds of the MSF are limited obligation revenue bonds, which carry an average interest rate of 11.5%. The bonds are repayable solely from distributions of the Michigan Natural Resources Trust Fund. The following table summarizes the debt service requirements on these bonds (in millions):

<u>fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1989–90	\$ 1.9	\$ 1.9	\$ 3.8	
1990-91	1.9	1.7	3.6	
1991–92	1.8	1.5	3.3	
1992–93		1.3	3.2	
1993–94	9.0	1.0_	<u> 10.1</u>	
Total	\$16.8	\$ 7.4	\$24.2	

The MSF also issues industrial development revenue bonds which are not recorded as liabilities. These borrowings are, in substance, debts of other entities and financial transactions are handled by outside trustees.

<u>Michigan State Housing Development Authority (MSHDA)</u> - The bonds of this authority are revenue bonds which carry effective interest rates ranging from 5.74% to 13.99%. The following table summarizes the debt service requirements of this authority as of its year-end of June 30 (in millions):

Fiscal Year	<u>Principal</u>	Interest	<u>Total</u>	
1989-90 1990-91 1991-92 1992-93 1993-94	\$ 83.8 55.6 60.8 58.5 55.7	\$ 147.6 143.1 138.5 133.6 129.8	\$ 231.4 198.8 199.3 192.2 185.5	
Total five years	314.6	692.8	1,007.5	
1994–2023	1.699.7 2,014.4	1.510.0 \$2.202.8	3.209.8 \$4.217.3	
Less unamortized discount	(17.8)			
Total principal	\$1.996.6			

In 1985 the legislature authorized the MSHDA to issue up to \$400,000,000 of limited obligation bonds to finance multi-family housing projects. Such bonds are not general obligations of the authority but are secured solely by revenues and property derived from or obtained in connection with the housing projects. Thus, these bonds are considered no commitment debt and, therefore, are not reflected as liabilities in either the financial statements or the above table. At June 30, 1989, limited obligation bonds had been issued totalling \$189.5 million, of which three issues totalling \$31.2 million had been retired.

Other Long-Term Liabilities

Michigan Education Trust (MET) — The MET offers contracts which, for actuarially determined amounts, guarantee future tuition at State institutions of higher education. Contract provisions also allow the benefits to be used at private or out-of-state institutions, with the amount provided being based upon rates charged by the State's public institutions. The tuition guarantee is made by MET as a separate legal entity and these contracts are not considered obligations of the State. The Legislature is not obligated to provide appropriations should losses occur and the statutes and contracts provide for refunds to the participants if MET becomes actuarially unsound. Liabilities totalling \$266.5 million have been recorded on the balance sheet for the amount of tuition benefit contracts.

A draft actuarial report on the status of MET as of September 30, 1989 for the 1988 enrollment period shows the program is actuarially sound. The report shows the actuarial present value of future tuition benefit obligations to be \$278.1 million, as compared to the actuarial value of assets available of \$279.3 million. The actuarial assumptions used include: a projected tuition increase rate of 7.3%; an investment yield of 9.75%; and, a projected tax rate of 34%. A second open enrollment period ended subsequent to September 30, 1989 and additional contracts totalling approximately \$59 million were issued.

Michigan State Housing Development Authority (MSHDA) - Long-term liabilities of the MSHDA include \$181.4 million of funds held in escrew.

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NOTE 19 — DEFERRED COMPENSATION PLANS

The State has established two deferred compensation plans for its employees. Both are administered by the Department of Civil Service and the State does not make any contribution to either. These plans and the accounting policies applied to each are described below.

Section 457 Plan:

Created in accordance with Internal Revenue Code Section 457, this plan is available to all State employees to permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan is accounted for in the State Employees' Deferred Compensation Fund I (457), an agency fund.

Employee contributions are recognized as increases in fund assets and liabilities. Benefits are recognized as decreases in fund assets and liabilities when paid. The fund is primarily invested in guaranteed investment contracts with insurance companies which are valued at cost plus accrued interest. This is also the method used to value a participant's interest in the plan. Short-term investments are held in the common cash pool. Investment earnings, net of administrative charges, are credited to the participants based upon their balances in the plan.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the value of the deferred account for each participant. The State believes that it is unlikely that it will use the assets to satisfy the claims of other general creditors in the future.

It is the opinion of the State's legal counsel that the State has no liability for losses under the plan, unless it fails to discharge its duty to exercise due care that would be required of an ordinary prudent investor.

Section 401k Plan:

The State also offers a plan created in accordance with Internal Revenue Code Section 401k. This deferred compensation plan is accounted for in the State Employees' Deferred Compensation Fund II (401k), an expendable trust fund. The deferred compensation is not available to employees until termination, retirement, death, financial hardship, or attainment of 59 1/2 years of age. The plan does, however, include loan provisions. Unlike the section 457 plan, this plan's assets are not subject to the claims of the State's general creditors.

Employee participants are offered two basic options for the investment of their contributions and accumulated earnings. They may choose to participate in a State administered guaranteed investment contract option or they may choose to self direct their funds within a group of mutual funds. Employees may use both options and they can, at periodic intervals, transfer funds between the two options.

The fund balance of the fund represents net assets available for plan benefits. Employee contributions are recognized as revenue; benefits are recognized as expenditures when paid. Short-term investments are held in the State's common cash pool. Investment earnings, net of administrative charges, are credited to the participants based upon their balances in the plan. Loans to participants are recorded as assets.

Investments in guaranteed investment contracts are valued at cost plus accrued interest, which is the same basis as is used for determining each participant's interest in the plan under this option. Mutual fundi investments are valued at market, with the net of both realized and unrealized gains and losses shown as miscellaneous revenue. Mutual fund investments are valued at market, rather than cost, because each participant's interest under this option is based upon market. Also, the nature of the investments makes it infeasible to use the cost method, as the records necessary to determine cost are not available.

MOTE 20 - INTERFUND RECEIVABLES AND PAYABLES

In the following table, the most significant current interfund receivable and payable balances are listed by individual fund. Other funds' balances are shown in total for each fund type. On the balance sheet these balances are presented as "Amounts due from other funds" and "Amounts due to other funds." Not included in the table below are long-term interfund receivables and payables, which totaled \$47.9 million on September 30, 1989. The largest interfund advance (\$30.5 million) is an advance made from the State Sponsored Group Insurance Fund to the Motor Transport Revolving Fund, both of which are internal service funds. These long-term items are classified on the balance sheet as interfund advances.

GOVERNMENTAL FUND TYPES	INTERFUND RECEIVABLES (In_Ihousands)	INTERFUND PAYABLES (In Thousands)
General Fund	\$292.393	<u>\$ 49.978</u> :
Special Revenue Funds: State Trunkline Fund	. 33,512 . 2,949 . 10,020	407 37,358 14
Environmental Protection Bond Fund		2,402 -
Michigan Employment Security Act — Administration Fund Counter-Cyclical Budget and Economic Stabilization Fund	. 9,617	612
School Aid FundState Building Authority Advance Financing FundState Building Authority	• -	153,200 35,283 3,595
Other Special Revenue Funds	<u>1.784</u> _61.505	499 233,374
Debt Service Funds: State Building Authority Other Debt Service Funds	7,733 - 3	177 7
Capital Projects Funds: Recreation Bond Fund - State Projects	· -	117 10,341
State Building Authority Advance Financing Fund	8.806 8.806	<u>97,193</u> 107,652
PROPRIETARY FUND TYPES Enterprise Funds: State Lottery Fund	. 14 . 353	20 700 322 1,067 345
Motor Transport Revolving Fund		5,010 559
State Sponsored Group Insurance Fund Other Internal Service Funds	. 10,177	2 228 5,800
FIDUCIARY FUND TYPES Trust and Agency Funds: State Police Retirement Fund		
State Employees' Retirement Fund	. 6,689 2,078 925 2,040 1,150	20236
Michigan State Accident Fund	. 405 . 2,570 . 140 . 2,583	1,253 1,419 2,750
Total Current Interfund Receivables and Payables All Funds*		2.750 3

^{*} Interfund receivables and payables, as well as operating transfers in and out, do not agree because the Michigan State Housing Development and the Michigan State Hospital Finance Authorities have June 30 fiscal year—ends.

Source: https://www.industrydocuments.ucsf.edu/docs/lqjl0000

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NOTE 21 - INTERFUND CONNITNENTS

Transfers from the Michigan Veterans' Trust Fund

When the Michigan Veterans' Trust Fund, a special revenue fund, was created in 1946, it was provided \$50.0 million to be reserved for investment purposes. In subsequent years, \$49.9 million of the reserve was returned to the General Fund in accordance with P.A. 119 of 1976 and P.A. 353 of 1980. The acts include provisions for making future annual General Fund appropriations to replenish the investment reserves and to make up for lost interest income. Such provisions, however, are not considered legally binding on future legislatures.

No amounts were appropriated to replenish reserves during fiscal year 1988-89, so no moneys were returned. Through September 30, 1988, \$31.9 million had been returned by the General Fund. The balance of the \$49.9 million (\$17.9 million) is considered a budgetary commitment subject to appropriation. It is, therefore, not recorded as an asset of the special revenue fund or a liability of the General Fund.

Mackinac Bridge Authority

The Mackinac Bridge Authority, which is reported as a special revenue fund, has over the years received \$75.3 million of subsidies for operations (\$12.3 million) and debt service (\$63.0 million). These subsidies were provided by the State Trunkline and Michigan Transportation funds, respectively, both of which are special revenue funds.

State statutes require that the Authority continue charging bridge tolls and begin repaying the State funds for the subsidies provided. These repayments would continue until such time as the subsidies have been completely returned. The Authority has not recorded a liability and the State funds have not recorded receivables for these subsidies because the reimbursements are contingent upon future net revenues, there is no repayment schedule, and the repayment commitment is long-term and budgetary in nature. As of September 30, 1989, no repayments have been made.

NOTE 22 — EQUITY TRANSFERS AND CHANGES IN CONTRIBUTED CAPITAL

Equity Transfers

As described below, several equity transfers were made during 1988-89.

The General Fund provided a \$.6 million contribution of fixed assets and the Michigan Natural Resources Trust Fund (a special revenue fund) made a \$1.3 million contribution of land to Michigan State Fair Revolving Fund (an enterprise fund). These are reported as equity transfers in the General and special revenue funds and as contributed capital additions in the enterprise fund group.

Four activities which were previously recorded in separate funds are now being recorded as restricted activities within the General Fund. The balances remaining in these funds as of September 30, 1988, which totalled \$7.7 million, were transferred to the General Fund as of the beginning of this fiscal year. The funds closed were: the Michigan Justice Training Fund (\$4.5 million), the Vietnam Veteran Era Bonus Fund (\$1.3 million), the Motor Vehicle Accident Claims Fund (\$1.8 million), and the Public Recreation Bond Fund (\$.1 million). All of these funds were special revenue funds except for the Public Recreation Bond Fund, which was a capital projects fund.

The Federal Surplus Revolving Fund was merged into the Office Services Revolving Fund (both internal service funds) as of the beginning of the fiscal year, resulting in an equity transfer of the \$.4 million retained earnings deficit that existed as of September 30, 1988.

Changes in Contributed Capital

The following table summarizes contributed capital transactions made during the year (in thousands):

	Enterprise Funds			Internal Service Funds			
		Michigan Higher Education Assistance Authority	Total	Correctional Industries Revolving Fund	Motor Transport Revolving Fund	Total	
Beginning balance	\$2,370	\$1,516	\$3,886	\$1,373	\$8,444	\$9,818	
Equity transfers from other funds	1.888		1.888	<u> </u>			
Ending Balance	\$4,259	\$1.516	\$ 5.775	\$1.373	\$8.444	\$9.818	

Contributed capital was recorded by the State for the first time as of the beginning of the 1986-87 fiscal year. The amounts contributed prior to 1986-87 are not reasonably determinable, except for the amounts related to the Motor Transport Revolving Fund and the Michigan Higher Education Assistance Authority. To the extent contributions occurred in other funds prior to 1986-87, the amounts are reflected in retained earnings.

NOTE 23 - RETAINED EARNINGS

Reservations:

Certain amounts of retained earnings for component units reported in the enterprise fund group are reserved for specified purposes. Generally, these reservations are required by the applicable bond agreements. The amounts (in millions), by component unit, as of September 30, 1989 are as follows:

Michigan Higher Education Student Loan Authority	\$ 2.9
Michigan Higher Education Assistance Authority	4.5
Mackinac Island State Park Commission	
Michigan Strategic Fund	81.2
Michigan State Housing Development Authority	112.6
Total	\$201.7

Fund Deficits:

All funds and component units reported in the proprietary type funds have positive retained earnings balances except for the Low-Level Radioactive Waste Authority (an enterprise fund) which has a deficit of \$3.6 million representing losses accumulated in the development stage and the Department of Natural Resources Magazine Fund (an enterprise fund) which has an accumulated deficit of \$1.0 million.

NOTE 24 - FUND BALANCES

Reservations:

The line entitled "reserved fund balance" on the combined balance sheet at September 30, 1989 consists of the following (in millions):

-	FUND TYPES				<i>N</i>
Budgetary carry-forwards:	General	Special Revenue	Debt Service	Capital Project	Pension R
Encumbrances	\$ 95.4	\$ 65.5	\$ _	.	ξ 3
Restricted revenues		43.6	.2	_	6734 °
Multi-year projects (capital outlay and work projects)	330.4	259.1	_	_	-3
Construction and debt service		19.5	_	16.6	بي
Revolving loan programs	2.8	.:9	-	-	-�
Funds held as permanent investments		591	-	_	-ن۵
Noncurrent assets	55.1	117.5	74.4	_	-ă
Retimement benefits					17,733.6
Total Reserved Fund Balances	\$752.0	\$565.5	\$ 74.6	\$ 16.6	\$17,733.6

Note 24 continued on next page.

Budgetary carry-forwards represent unused spending authorization which continues to be available in the new year. Such amounts are reserved because the funds are legally segregated for a specific purpose.

Construction and debt service reserves represent amounts which are restricted for State Building Authority projects that are in process.

Reserves for revolving loan programs represent fund balance which has been appropriated for the purpose of making loans that will encourage economic development in the State. Repayments on such loans are authorized to be used for the making of new loans.

Funds held as permanent investment represent amounts that have been legally restricted for the purpose of providing a long-term source of investment income. These investments can include either specific investments held for the fund or portions of the fund's share of the common cash pool.

Reserves are recorded for noncurrent assets if they do not represent current financial resources available for appropriation. No reservation is recorded for noncurrent assets if doing so would result in a duplicate reduction of unreserved fund balance. This occurs if the noncurrent assets have already been reserved for some other reason or if they are related to revenues that have been deferred because of not being "available".

The State does not record any reservations in expendable trust funds because the balances are all considered available for the purposes of the various funds. Also, no reservations of fund balances are recorded in single purpose special revenue, debt service, and capital project funds. From the overall State perspective, the unreserved fund balances of funds other than the General Fund are restricted by the nature of the fund type and they are not available for general State purposes.

Fund deficits:

All governmental and fiduciary funds have positive ending unreserved fund balances with the exceptions of the two State Building Authority Advance Financing Funds which account for monies expended to begin projects for which bonds have not yet been issued and three funds associated with the planned sale of general obligation bonds. The State Building Authority Advance Financing Capital Projects Fund recorded a year-end deficit of \$99.6 million; the State Building Authority Advance Financing Special Revenue Fund recorded a year-end deficit of \$39.9 million.

Three funds, which were established to account for the use of proceeds from the \$800 million general obligation bonds approved in the November 1988 election, incurred expenditures prior to the initial sale of bonds. The Recreation Bond Fund — Local Projects (a special revenue fund) had a year-end deficit of \$.2 million; the Environmental Protection Bond Fund (a special revenue fund) had a year-end deficit of \$2.4 million; and, the Recreation Bond Fund — State Projects (a capital projects fund) had a year-end deficit of \$.1 million. The sale of bonds subsequent to September 30, 1989 eliminated these deficits.

NOTE 25 — SEGMENT INFORMATION FOR ENTERPRISE FUNDS

<u>State Funds</u> — The State operates five enterprise funds. The Liquor Purchase Revolving Fund accounts for the State's activities in the distribution of liquor at the wholesale and retail levels. The fund is also used to account for centain liquor taxes that generate revenue for other State activities. Public Act 431 of 1984 requires that the net income of the fund be transferred to the General Fund.

The State Lottery Fund accounts for the State lottery games and regulation of bingo and charity games. Profits from the Nottery are transferred to the School Aid Fund and profits from regulation of bingo and charity games are transferred to the General Fund.

The Low-Level Radioactive Waste Authority accounts for the activities necessary to establish and operate a waste disposal facility in Michigan to serve seven midwestern states. The deficit in fund equity represents the accumulated net costs incurred while the Authority is in the development stage.

The Michigan State Fair Revolving Fund records the results of the annual State Fair and periodic rental of fainground facilities. The General Fund provides periodic contributions for the improvement of facilities. Public Act 431 of 1984 also requires that the net income of this fund be transferred to the General Fund.

The Department of Natural Resources Magazine Fund accounts for the production and sale of various publications.

Segment information for the fiscal year ended September 30, 1989 (in millions) was as follows:

_	LIQUOR PURCHASE REVOLVING FUND	STATE LOTTERY FUND	LOW-LEVEL RADIOACTIVE WASTE AUTHORITY	MICHIGAN STATE FAIR REVOLVING FUND	DEPARTMENT OF NATURAL RESOURCES MAGAZINE FUND	SUBTOTAL STATE FUNDS
Operating Revenues Depreciation and	\$ 418.4	\$1,220.7	\$ -	\$ 3.6	\$ 1.5	\$1,644.3
Amortization Operating Income (Loss)	.9 60.6	37.8 484.9		.5 (1.8)	(.1)	39.3 543. 6
Tax Revenues	7.2	-	.ī	1.1	-	7.2 1.3
Transfer Administrative General	(48.0)	(484.7)		-	-	(532.7)
Fund Costs	(15.2)	(.2)	-		-	(15.6)
OtherOperating Transfers Out	$\frac{(4.0)}{(67.3)}$	(484.9)				$\frac{(4.0)}{(552.4)}$
Net Income (Loss)	-0-	-0-	(2.4)	(1.1)	(.2)	(3.8)
Contributions	-	-	-	1.8	-	1.8
Net Working Capital Property, Plant, and	35.1	57.3	(.3)	(1.0)	(.1):	90.9
Equipment	6.3	1.4	.1.	18.9	-	26.8
Total Assets	99.6	554.2	.1.	19.2	.5	673.8
Long-Term Liabilities	4.5	466.3	3.4	4.0	.8	479.1
Total Equity (Deficit)	41.1	5.8	(3.6)	13.8	(1.0)	56.1

<u>Component Units</u> — The enterprise fund type includes the following: the Michigan State Hospital Finance Authority (MSHFA), Michigan Education Trust (MET), Michigan Higher Education Student Loan Authority (MHESLA), Michigan Higher Education Assistance Authority (MHEAA), Mackinac Island State Park Commission (MISPC), Michigan Strategic Fund (MSF), and the Michigan State Housing Development Authority (MSHDA).

Four of the authorities issue long-term debt: to finance loans for the construction of multifamily and single family housing and home improvements (MSHDA), for capital improvements and equipment acquisition at nonprofit hospitals (MSHFA), for tuition to qualified students attending participating institutions of higher education (MHESLA), and for issuing loans and grants to private enterprises to foster economic expansion (MSF). The long-term debt of these authorities is financed mainly from loan repayments and investment income.

The MET offers contracts which, for actuarially determined amounts, guarantee future tuition at State institutions of higher education for participants.

The MMEAA is the State guaranty agency under the Stafford Loan Program, the Supplemental Loans to Students Program, and the Parent Loan for Undergraduate Students Program.

The MISPC accounts for the operation of the Mackinac Island State Park. The majority of its costs are financed through admission fees, although it does receive a partial subsidy in the form of a General Fund appropriation determined annually by the Legislature.

Segment information for component units included in the enterprise fund for the fiscal years ended in 1989 (in millions): is as follows:

MSHFA	MET_	MHESLA	MHEAA	MISPC	MSF	MSHDA	SUBTOTAL COMPONENT UNITS
\$ 116.2	\$23.1	\$ 18.5	\$ 48.9	\$ 2.0	\$ 10.9	\$ 196.6	\$ 416.5
1.0	21.0	5.0	5.8	.1 (1.6)	3.8	.2 9.7	.7 45.0
-	-	•		1.6	20.0	1.9	23.6
1.0	14.2	4.6	6.8	.2	13.8	11.7	52.6
156.1	278.0	31.2	30.7	.7	12.5	330.9	840.4
-	-			3.2	-	-	3.2
1,194.3 1,556.8	287.2	122.8 206.9	.8 49.6	5.6	16.4 124.9	1,624.4 2,396.9	2,958.8 4,628.2
	264.8	146.7 53.9	.4	.3 5 1	17.0	2,095.7	4,002.6 375.5
	\$ 116.2 1.0 - 1.0 156.1 - 1,194.3	\$ 116.2 \$23.1 1.0 21.0 1.0 14.2 156.1 278.0 1,194.3 1,556.8 287.2 1,477.3 264.8	\$ 116.2 \$23.1 \$ 18.5 1.0 21.0 5.0 	\$ 116.2 \$23.1 \$ 18.5 \$ 48.9 1.0 21.0 5.0 5.8 	\$ 116.2 \$23.1 \$ 18.5 \$ 48.9 \$ 2.0 1.0 21.0 5.0 5.8 (1.6) 1.6 1.0 14.2 4.6 6.8 .2 156.1 278.0 31.2 30.7 .7 3.2 1,194.3 - 122.8 .8 - 1,556.8 287.2 206.9 49.6 5.6 1,477.3 264.8 146.7 .4 .3	\$ 116.2 \$23.1 \$ 18.5 \$ 48.9 \$ 2.0 \$ 10.9 1.0 21.0 5.0 5.8 (1.6) 3.8 1.6 20.0 1.0 14.2 4.6 6.8 .2 13.8 156.1 278.0 31.2 30.7 .7 12.5 3.2 - 1,194.3 - 122.8 8 - 16.4 1,556.8 287.2 206.9 49.6 5.6 124.9 1,477.3 264.8 146.7 .4 .3 17.0	\$ 116.2 \$23.1 \$ 18.5 \$ 48.9 \$ 2.0 \$ 10.9 \$ 196.6 1.0 21.0 5.0 5.8 (1.6) 3.8 9.7 1.6 20.0 1.9 1.0 14.2 4.6 6.8 .2 13.8 11.7 156.1 278.0 31.2 30.7 .7 12.5 330.9 3.2 1,194.3 - 122.8 8 - 16.4 1,624.4 1,556.8 287.2 206.9 49.6 5.6 124.9 2,396.9 1,477.3 264.8 146.7 .4 .3 17.0 2,095.7

The following table demonstrates the relative shares of State funds and component units:

	STATE FUNDS	COMPONENT UNITS	TOTAL ENTERPRISE FUNDS	
Operating Revenues	\$1,644.3 39.3 543.6	\$ 416.5 .7 45.0	\$2,060.8 40.0 588.6	
Tax Revenues Operating Transfers:	7.2	-	7.2	
InOut	1.3 (552.4)	23.6	24.9 (522.4)	
Net Income (Loss)	(3.8) 1.8	52.6	48.7 1.8	
Net Working CapitalProperty, Plant, and Equipment	90.9 26.8	840.4 3.2	931.3 30.0	
Mortgages and Loans Receivable (Net)	673.8	2,958.8 4,628.2	2,958.8 5,302.0	
Bonds (Net) and Other Long-Term Liabilities	479.1 56.1	4,002.6 375.5	4,481.8 431.7	

NOTE 26 - RISK MANAGEMENT

General: The State has elected not to purchase commercial insurance for many of the risks of losses to which it is exposed. All types of risk and insurance coverage are under review and State practices will likely change somewhat in the future. Currently, however, the State is uninsured for most general liability and property losses, portions of its employee insurance benefit and employee bonding programs, as well as workers' compensation and unemployment compensation claims. Areas of risk where some level of insurance coverage is provided include: automobile and aircraft liability, property and loss of rents insurance that may be required by bond or lease agreements, portions of the State employee insurance benefits program, certain State artifacts, builder's risk coverage, boiler and machinery coverage, and employee bonding.

Note 26 continued on next page.

As explained more fully in Note #15, losses for workers' compensation and certain types of litigation losses have been recognized as liabilities in the General Long-Term Obligations Account Group, with expenditures recognized when due and payable. For unemployment claims, the Michigan Employment Security Commission (MESC) bills the State for the actual amount of claims paid to former State employees. The State accrues liabilities for unemployment compensation only to the extent of the amount paid by MESC through September 30. During the 1988-89 fiscal year, expenditures for payments to former State employees totaled \$5.1 million. The potential liability for future payments has not been estimated. As explained more fully below, expenditures for employee insurance benefits are recognized in a manner similar to purchased insurance, except that payments are made to the internal service fund which has been established to provide coverage for these programs. For other uninsured losses, the State recognizes liabilities when it is probable that a loss has occurred and the amount can be reasonably estimated. estimated.

State sponsored group insurance: The State is self-funded for most of its employee insurance benefit programs. The programs are accounted for in the State Sponsored Group Insurance Fund, an internal service fund. The fund is reported in accordance with the generally accepted accounting principles applicable to the private insurance industry. Expenses and liabilities for incurred but not reported or not processed benefit claims, based on preliminary estimates from the plan administrators, have been recorded as liabilities in the amount of \$82.2 million. This includes a long-term portion which is recorded at a discounted present value of \$29.9 million. Unearned premium revenue of \$26.8 million, which has been recorded as deferred revenue, represents fund and employee contributions in excess of recognized expenses at the benefit program level.

The Department of Civil Service intends that the various component programs of the fund be self-supporting in the long run. Individual programs may incur deficits during a given year, but each program's surplus, unearned premium balance, or deficit is considered in calculating future charges or benefit levels. Rate reductions have been implemented for certain programs, which had accumulated balances in the fund above recommended levels.

NOTE 27 - CONTINGENCIES AND CONMITMENTS

<u>litigation</u> - The State is a party to various legal proceedings seeking damages or injunctive or other relief. In addition to routine litigation, certain of these proceedings could, if unfavorably resolved from the point of view of the State, substantially affect State programs or finances. These lawsuits involve programs generally in the areas of prison overcrowding and corrections, highway maintenance and transportation, social services, tax collection, comparable employee compensation, resident county hospitalization, commerce, and budgetary reductions to school districts and governmental units and court funding. Relief sought includes damages in tort cases generally and refund of claims under the single business tax. The State is also a party to various legal proceedings which, if resolved in the State's favor, would result in contingency gains to the State's General Fund balance, but without material effect upon financial position. The ultimate dispositions and consequences of all of these proceedings are not presently determinable, but such ultimate dispositions and consequences of all these legal are not presently determinable, but such ultimate dispositions and consequences of all these legal proceedings will not themselves, in the opinion of the Attorney General of the State and the Department of Management and Budget, have a material adverse effect on the State's financial position.

The State accrues liabilities related to significant legal proceedings if a loss is probable and reasonably estimable. In the event that a significant, probable, and reasonably estimable loss is not settled prior to the preparation of these statements, the obligation is recorded as a general long-term liability or fund liability, depending on the fund type (see Note #15).

<u>Federal Grants</u> - Federal revenues are generally subject to review and audit by grantor agencies on their designees. Such audits could lead to a request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grant. The State recognizes material disallowances when the loss becomes probable and reasonably estimable. As of September 30, 1989, the State estimates that additional disallowances of recognized revenues will not be material to the statements.

For fiscal year 1988-89, estimated mispayments (both State and federal shares): totaled approximately \$67.1 million in the Aid to Families with Dependent Children (AFDC): program, \$30.2 million in the Food Stamp program and \$3%.2 million in the Medicaid program. Mispayments for the general assistance program (fully funded by the State) have not been determined.

The federal government previously issued notices of intent to sanction the State Because of mispayment rates in excess of federal targets for the AFDC program. Congress, however, enacted the AFDC quality control reform legislation as part of the Budget Reconciliation Act for 1989-90. This act waives all AFDC quality control sanctions through 1989-90.

Note 27 continued on next page.

Gain Contingencies — Certain contingent receivables related to Department of Social Services grant programs are not recorded as assets in these statements. Amounts recoverable from Department of Social Services grant recipients for grant overpayments or from responsible third parties are recorded as receivables only if the amount is reasonably measurable, expected to be received within 12 months, and not contingent upon future grants or the completion of major collection efforts by the State. If recoveries are accrued and the program involves federal participation, a liability for the federal share of the recovery is also accrued. The unrecorded amount of potential recoveries which are ultimately collectible can not be reasonably determined.

Certain mispayments related to Department of Education grant programs are not recorded as assets in these statements. The mispayments generally occur because of the inclusion of ineligible student members in census counts at local school districts and are identified through department audits of membership counts. Receivables resulting from such audits are recognized as the audits are completed.

<u>Construction</u>: Projects — As of September 30, 1989, several construction projects were in progress, with several others in the planning stages. A significant portion of these projects involve the construction and renovation of correctional facilities. A more detailed discussion of construction commitments is included in the construction in progress disclosures (Note #11).

The Department of Transportation has entered into construction contracts for transportation related special revenue funds. As of September 30, 1989, the balances remaining in these contracts equalled \$299.1 million.

<u>Contingent Liability for Local School District Bonds</u> — Public Act 108 of 1961, as amended, resulted in a contingent liability for the bonds of any school district which are "qualified" by the Superintendent of Public Instruction. Every qualified school district is required to borrow and the State is required to lend to it any amount necessary for the school district to avoid a default on its qualified bonds. In the event that funds are not available in the School Bond Loan Fund in adequate amounts to make such a loan, the State is required to make such loans from the General Fund. As of December 31, 1989 the principal amount of qualified bonds outstanding was \$2.3 billion. Total debt service requirements on these bonds including interest will approximate \$267.8 million in 1990.

Student Loan Guarantees — The Michigan Higher Education Assistance Authority (MHEAA), which is reported as an enterprise fund in this report, is contingently lliable for loans made to students by financial institutions that qualify for guaranty. The State of Michigan, other than MHEAA, is not liable for these loans. The MHEAA's default ratio is currently below 5% for the fiscal year ended September 30, 1989. As a result, the federal government's reinsurance rate for defaults for the fiscal year ended September 30, 1989, is 100%. In the event of future adverse default experience, the MHEAA could be liable for up to 20% of defaulted loans. Management does not expect that all guaranteed loans could default in one year. Accordingly, the MHEAA's expected maximum contingent liability is less than 20% of outstanding guaranteed loans; however, the maximum contingent liability at September 30, 1989 is \$296.5 million (20% of loans outstanding).

The MHEAA entered into commitment agreements with all lenders that provide, among other things, that the MHEAA will maintain cash and marketable securities of at least 2% of the aggregate unpaid principal amount of all loans they have guaranteed. The MHEAA was in compliance with this requirement as of September 30, 1989 and 1988.

NOTE 28 - SUBSEQUENT EVENTS

General Obligation Bonds: On November 8, 1988, the electorate authorized the State to issue up to \$800 million of additional general obligation bonds for the purposes of environmental protection and recreation. The "Environmental Protection Bond Implementation Act" (P.A. 328 of 1988) establishes how up to \$660 million of bonds may be used. The "Recreation Bond Implementation Act" (P.A. 329 of 1988) governs the use of the remaining \$140 million. The statutes provide for the issuing of the bonds over a period of time, with no more than 34% to be issued in the year ending November 30, 1989 and 33% in each of the next two year periods. Unissued amounts after those years may be issued at the discretion of the State Administrative Board.

Note 28 continued on next page.

Subsequent to September 30, 1989, the State issued \$100.0 million of such bonds. This included \$65.0 million for the environmental protection program, \$10.0 million for the recreation program, and \$25.0 million for the Great Lakes Protection Fund.

School Bond Loan Fund Borrowing: On October 26, 1989, school loan notes totalling \$1.7 million were issued pursuant to Article IX, Section 16 of the State Constitution, and P.A. 112 of 1961, as amended. These were issued to make loans to school districts.

State Trunkline Fund Bonds: In December of 1989, the State issued \$145.1 million of State Trunkline Fund Bonds, Series 1989A and Series 1989B. The purpose of the bond issues were to refund a portion of previous bond issues (Series 1983A and Series 1983B) and to fund State Trunkline and Economic Development fund Construction projects. A portion of the proceeds of the new bonds was placed in trust with an escrow agent to be used to provide the future debt service requirements for the State Trunkline Refunding Bonds Series 1983A and Series 1983B. The remaining portion of the proceeds will be used to fund new construction projects. The bonds consist of both current interest bonds (\$133.9 million) and capital appreciation bonds (\$11.2 million).



SUPPLEMENTAL FINANCIAL DATA

STATEMENTS
AND SCHEDULES

STATE OF MICHIGAN COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS — BY CLASSIFICATION SEPTEMBER 30, 1989 (In Thousands)

	CONSERVATION AND TRANSPORTATION RECREATION AI RELATED RELATED		AND AND RECREATION ADMINISTRATIVE	
ASSETS	• 1			
Current Assets: Cash and cash equivalents Equity in Common Cash Taxes, interest, and penalties receivable Amounts due from other funds	. 62,739 . 47,155 . 100,884 . 26,513 . 11,317	\$ 1,214 187,627 11 4,000 2,269 387 126 12,822 208,460	\$ 115 22,573 - 367 4,163 - - 588 - 27,808	
Taxes, interest, and penalties receivable	. 103,899 9.839	-	-	
Total Assets	· <u>\$ 759.524</u>	\$ 208,460	\$ <u>27.808</u>	
LIABILITIES AND FUND BALANCES				
Current Liabilities: Liability to Common Cash	. 14,485 . 240,771 . 37,788 . 9,990	\$ - 1,233 3,300 2,617 - 7,151	\$ - 985 6,439 612 2,068 10,105	
Long—Term Liabilities: Deferred revenue	10.629	847		
Total Liabilities	313.664	7,999	10.105	
Fund Balances: Reserved		105,984 94,476	17,702	
Total Fund Balances	445.859	200,460	17,702	
Total Liabilities and Fund Balances	. \$ 759.524	\$ 208,460	\$ 27,808	

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		TOTALS			
OTHER STATE FUNDS	COMPONENT UNITS	SEPTEMBER 30, 1989	SEPTEMBER 30		
\$ 2 415,049 144,125 9,917 172 15,409 - 914 585,592	\$ 173 - 63 - - 41,004 - 776 42,017	\$ 1,828 1,017,144 206,876 61,505 107,489 42,311 11,443 41,004 19,395 1,509,000	\$ 1,240 983,481 204,070 60,743 81,896 23,470 11,586 57,148 22,993 1,446,631		
4,257 1,781 13,727 29,362 	\$ 42.017	4,921 1,781 117,626 29,362 9,839 \$ 1.672,532	4,069 4,953 118,684 34,046 8,624 \$ 1,617,009		
\$	\$ - 4,329 3,872 172 8,374	\$ - 17,116 265,555 233,374 12,232 528,278	\$ 137,125 12,451 260,480 50,265 12,393 472,716		
<u>4,257</u> <u>203,868</u>	8,374	15.735 544.013	12.783 485.499		
50,280 380,572 430,852	19,543 14,099 33,643	565,528 562,990 1,128,519	548,281 583,227 1,131,509		
\$ 634,721	\$ 42,017	\$ 1,672,532	\$ 1,617,009		

STATE OF MICHIGAN. COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS — BY CLASSIFICATION FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	TRANSPORTATIONRELATED	CONSERVATION AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	
REVENUES				
TaxesFrom federal agenciesFrom local agencies	\$ 1,127,126 317,747 28,550	\$ 54 4,119 367	\$ - 125,119 1,463	
From servicesFrom licenses and permits	965 77,311 <u>47.618</u>	46,738 59,458	5,509 5,140	
Total Revenues	1.599.319	110.738	137.232	
EXPENDITURES				
Current: General government	-	-	-	
Education	- .	9.731	<u>-</u> -	
Labor, commerce, and regulatory Transportation	1,031,773	17,703	125,940 - -	
Debt service: Capital lease payments	1.173	-	1.905	
Total Expenditures		27.435	127.845	
Excess of Revenues over (under) Expenditures	128.638	83,302	9,386	
OTHER FINANCING SOURCES (USES)				
Proceeds from bond and bond anticipation note issues Capital lease acquisitions Operating transfers in		- 18,592	2,215 2,926	
Operating transfers out	(653.718)	(81,206)	(13.673)	
Total Other Financing Sources (Uses)	(130,170)	(62,613)	(8.532)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		20,689	<u>854</u>	
Fund Balances - Beginning of fiscal year Equity transfers to other funds	447,391	181,090 (1.319)	23,164 (6,316)	
Fund Balances — End of fiscal year	\$ 445.859	\$ 200,460	\$ 17.702°	

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		TOTALS				
		FISCAL YE	ARS ENDED			
OTHER STATE FUNDS	COMPONENTUNITS	SEPTEMBER 30, 1989	SEPTEMBER 30			
\$ 1,681,651 47,458 839 - 47,333 1,777,283	\$ - 74 6,199 3,566 9,839	\$ 2,808,831 494,444 31,220 1,039 135,758 163,118	\$ 2,687,974 498,608 30,098 952 113,011 154,107			
5,885 2,727,908 - - -	20,282 54 - 4,198	5,885 2,748,190 9,786 125,940 1,035,972 455,437	10,747 2,805,022 8,914 117,126 963,514 481,465			
		3.078 4.384.291	<u>3.677</u> <u>4.390.470</u>			
(956,510)	(14,696)	(749,878)	(905,716)			
3,400 967,266 (18,955)	8,043 - 54 (2,649) 	11,443 2,215 1,512,388 (770,203)	77,516 18 1,607,017 (743,390)			
436,972 (1,320) \$ 430,852	(9,246) 42,890 	5,965 1,131,509 (8,956) \$ 1,128,519	35,443 1,096,601 (536) \$.1,131,509			

STATE OF MICHIGAN COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL — SPECIAL REVENUE FUNDS — BY CLASSIFICATION FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	TRANSPORTATION RELATED				
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)		
REVENUES AND OTHER SOURCES	•				
Taxes From federal agencies From local agencies From local agencies From licenses and permits Miscellaneous Operating transfers in Total Revenues and Other Sources	\$ 1,135,600 302,300 41,138 630 76,222 69,209 473,700	\$ 1,127,126 317,747 28,113 965 77,311 45,368 522,015	\$ (8,473) 15,447 (13,024) 335 1,089 (23,840) 48,315		
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES — BY DEPARTMENT					
Management and Budget Education Transportation Labor ticensing and Regulation Natural Resources	2,202,391 - - -	2,167,830	34,561 - - -		
Total Expenditures, Operating Transfers Out, and Encumbrances	2,202,391	2,167,830	34,561		
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (103.591)	(49,182)	\$ 54,408		
Reconciling Items: Encumbrances at September 30 Funds not annually budgeted		65,515 (17,865)			
Net Reconciling Items		47.650			
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(1.532)			
FUND BALANCES (GAAP BASIS)					
Beginning balances		447,391			
Equity transfers to other funds					
Ending balances (GAAP Basis)		\$ 445.859			

c	ONSERVATIO	N AND RECREAT	ION RELATED	REGULATORY AN	ND ADMINISTR	TIVE RELATED	0	THER STATE FU	NDS
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$	4,830	\$ 54 4,119 -	\$ 54 (711)	111,000 4,192	125,119 1,463	\$	\$ 1,691,800 51,336 800	\$ 1,681,651 47,458 839	\$ (10,148) (3,877) 39
	47,687 47,182	46,738 51,633 18,592	(948) 4,451 18.592	5,068 3,938	5,509 5,140 2,926	440 1,201 2.926	38,963 993,800	47,333 966,446	8,370 (27,353)
	99.700	121,138	21.438	124.200	140 . 158	15.958	2.776.700	2.743.729	(32,970)
	-	=	- -	<u>-</u>	-	-	23,791 2,690,812	21,537 2,691,696	2,254 (883)
	105.608	103,316		139,063 668	138,834 469	228 199		-	
	105,608	103.316	2,291	139,731	139,304	427	2.714.604	2,713,234	1,370
<u>\$</u>	(5,908)	17.821	\$ 23.730 \$	(15,531)	854	\$ 16,386	\$ 62.095	30,495	\$ (31,600)
,.		2,867	•	-				(35.298)	
		2,867			854			(35,294)	
		181,090			23,164			436,972	
				_	(6,316)			(1.320)	
		\$ 200.460			17.702			\$ 430,852	

This schedule continued on next page.

STATE OF MICHIGAN COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL — SPECIAL REVENUE FUNDS — BY CLASSIFICATION (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

		COMPONENT UNITS			TOTALS			
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE . FAVORABLE (UNFAVORABLE)		
REVENUES AND OTHER SOURCES								
Taxes	- - - - -	\$ - - - - -	\$ - - - - -	\$ 2,827,400 469,466 46,130 630 128,978 159,294	\$ 2,808,831 494,444 30,416 965 129,559 149,476	\$ (18,568) 24,977 (15,714) 335 580 (9,817)		
Operating transfers in				1.467.500 5.099.400		<u>42.480</u> 24.274		
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES — BY DEPARTMENT		·		5.099.400	3.123.074			
Management and Budget Education Transportation Labor Licensing and Regulation Natural Resources	- - - -	-	-	23,791 2,690,812 2,202,391 139,063 668 105,608	21,537 2,691,696 2,167,830 138,834 469	2,254 (883) 34,561 228 199 2,291		
Total Expenditures, Operating Transfers Out, and Encumbrances.				5.162.336		38.6.		
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>s -</u>		<u> </u>	\$ (62,936)	(10)	\$ 62.926		
Reconciling Items: Encumbrances at September 30 Funds not annually budgeted		(9.246)			65,520 (59,543)			
Net Reconciling Items		(9.246)			5.976			
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(9.246)			5.965			
FUND BALANCES (GAAP BASIS)								
Beginning balances		42,890			1,131,509			
Equity transfers to other funds					(8,956)			
Ending balances (GAAP Basis)		\$ 33.643			\$ 1.128.519			

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STATE OF MICHIGAN DESCRIPTIONS OF SPECIAL REVENUE FUNDS — TRANSPORTATION RELATED FISCAL YEAR ENDED SEPTEMBER 30, 1989

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STATE AERONAUTICS FUND

This fund, established by P.A. 327 of 1945, is administered by the Department of Transportation for improvement of airports. Its budget is subject to annual legislative review and appropriation. Financing consists mostly of federal and local contributions and aviation fuel taxes. Expenditures and transfers are for administration and local airport improvement project costs.

STATE TRUNKLINE FUND

This fund is administered by the Department of Transportation for construction and maintenance of highways. Its overall budget is subject to annual legislative review and appropriation, but the Transportation Commission has significant discretion in determining the funding of individual projects. Financing consists primarily of a transfer from the Michigan Transportation Fund, federal aid, and local participation. Expenditures and outgoing transfers are for administration, highway maintenance and construction, debt service, and various contractual obligations. In accordance with statutory provisions, any fund balance not otherwise reserved at fiscal year—end is appropriated and reserved for road and bridge construction purposes.

The State Trunkline Fund also is used to record loans made to local units of government for reconstructing and resurfacing roadways. Funds for such loans are made available by transfer from the 1983 State Trunkline Fund Bond Proceeds Fund and the 1984 State Trunkline Fund Bond Proceeds Fund. Loan repayments, which are received directly by the State Trunkline Fund, are not pledged to the payment of the bonds related to the loans.

MICHIGAN TRANSPORTATION FUND

This fund, established by section 10 of P.A. 51 of 1951, as amended, is administered jointly by the Department of Transportation and the Department of State. The fund is a receiving fund for the several tax revenues dedicated to highway purposes. Transfers are made from the fund to the General Fund, State Trunkline Fund, and the Comprehensive Transportation Fund. Expenditures include grants to counties, cities, and villages for highway purposes.

COMPREHENSIVE TRANSPORTATION FUND

This fund, established by P.A. 327 of 1972, as amended, is administered by the Department of Transportation. It was created to account for the planning and development of public transportation systems within the State. Financing is provided by federal and local revenues, vehicle-related sales tax, and transfers from the Michigan Transportation Fund. In accordance with statutory provisions, any unencumbered balance at fiscal year-end lapses and reverts to the fund for appropriation in the following fiscal year. In addition to providing direct expenditures for public transportation purposes, the fund is used to provide financing for entities providing bus and rail services. Such financing is provided primarily by purchasing buses and reselling them to private carriers on a credit basis and by purchasing and leasing back rail-related assets.

STATE OF MICHIGAN DESCRIPTIONS OF SPECIAL REVENUE FUNDS — TRANSPORTATION RELATED (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989

COMPREHENSIVE TRANSPORTATION BOND CONSTRUCTION FUND

This fund was established pursuant to Section 18(b) of P.A. 51 of 1951, as amended, to account for the proceeds of up to \$217 million of comprehensive transportation bonds. The bonds are not general obligations of the State but are payable solely out of funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund.

The State Transportation Commission approved issuance of \$106.3 million Series A bonds in 1980 and \$50 million Series B bonds in 1981. These bonds are used to finance part of the costs of constructing and acquiring comprehensive transportation projects. A majority of these projects, as approved by legislative action, are undertaken to enhance local transportation systems.

1983 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of P.A. 51 of 1951, as amended, to account for the proceeds of \$135 million of State trunkline bonds issued in 1983. The bonds are not general obligations of the State but are payable solely out of funds restricted as to use for State trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund.

These bonds are being used in part to finance the costs of reconstructing and resurfacing portions of the State trunkline system. The bonds were also used to finance loans to local units of government for reconstructing and resurfacing roadways. These loans are recorded as assets in the State Trunkline Fund, which receives loan repayments.

1984 COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of P.A. 51 of 1951, as amended, to account for the proceeds of \$60 million of comprehensive transportation bonds issued in 1984. The bonds are not general obligations of the State but are payable solely out of funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for disposition in the Comprehensive Transportation Fund. These bonds are being used to finance part of the construction and acquisition of comprehensive transportation projects.

1984 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of P.A. 51 of 1951, as amended, to account for the proceeds of \$50 million of State trunkline bonds issued in 1984. The bonds are not general obligations of the State but are payable solely out of funds restricted as to use for State trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund.

These bonds are being used in part to finance the costs of reconstructing and resurfacing portions of the State trunkline system. The bonds were also used to finance loans to local units of government for reconstructing and resurfacing roadways. These loans are recorded as assets in the State Trunkline Fund, which receives the loan repayments.

STATE OF MICHIGAN COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS — TRANSPORTATION RELATED SEPTEMBER 30, 1989 (In Thousands)

	STATE AERONAUTICS FUND	STATE TRUNKLINE FUND	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND		
ASSETS	•					
Current Assets: Cash and cash equivalents Equity in Common Cash	11,153	\$ 319 149,285	\$	\$ 1: 100,159		
Taxes, interest, and penalties receivable Amounts due from other funds Amounts due from federal agencies	333 253 12,098	33,512 79,050	62,405 2,949 -	10,020 9,735		
Amounts due from local units	1,131	25,092 11,317	-	26		
Other current assets	<u> 32</u> 25.003	2,557 301,136	327 181.926	1.292		
Taxes, interest, and penalties receivable Amounts due from local units Other noncurrent assets:	766	102,716	663	416		
Amounts due from private carriers Land contracts outstanding Miscellaneous accounts receivable	-	4,417	<u> </u>	4,698 80 643		
Total other noncurrent assets		4.417	-	5.422		
Total Assets	\$ 25.771	\$ 408.270	\$ 182.589	\$ 127.074		
LIABILITIES AND FUND BALANCES						
Current Liabilities: Warrants outstanding	5,384	\$ 9,217 79,802	\$ 221 143,918	\$ 4,365 10,546		
Amounts due to other funds Deferred revenue Total Current Liabilities	3,556 9,584	407 5,730 95,156	37,358	14 703 15,629		
Long—Term Liabilities: Deferred revenue		4.770_	663	5.195		
Total Liabilities	9.585	99.927	182,162	20.825		
Fund Balances: Reserves for: Budgetary carry—forwards:						
Encumbrances	78 - 7.775	2,638 25,268 178,073	427	62,798 7,933 29		
Revolving loan programs Noncurrent assets Total Reserved	922 766 9.543	102.363 308.343	427	643 71,404		
Unreserved	6.642			34.844		
Total: Fund Balances	16.185	308.343	427	106.249		
Total Liabilities and Fund Balances	\$ 25,771	\$ 408.270	\$ 182,589	\$ 127.074		

COMPREHENSIVE TRANSPORTATION		1983 S	TATE		1984 COMPREHENSIVE 1984 STATE				TOTALS					
CONS	BOND TRUCTION FUND	TRUNKLIN BOND PRI FUN	OCEEDS	BOND	PORTATION PROCEEDS FUND	BON	KLINE FUND D PROCEEDS FUND	SEPT	EMBER 30, 1989	SEPTEMBER 3				
\$	-	\$. .	\$.		\$		\$	322	\$	283			
	3,304		50		10,650		1,045	*1	391,893 62,739	**	392,221 64,111			
	128		4		240		46		47,155		48,656			
	_		-		-		263		100,884 26,513		78,093 21,898			
	-		-		<u>-</u>		203		11,317		11,542			
	83								4,294		7.624			
	3.516		55		10.891	-	1.355		645.121		624,430			
	-		-		··· -		-		664 103,899		860 109,251			
	_		_		_		-		4,698		4,436			
	_		-		_		-		4,498		4,187			
			-		-				643 9.839		8.624			
									-	-				
\$	3,516	\$	55	\$	10.891	\$	1.355	<u>\$</u>	759.524	\$	743,166			
\$ 	31 724 - - 756	\$	- - - -	\$	135	\$. 14 258 - - 272	\$	14,485 240,771 37,788 9,990 303.035	\$ 	9,670 226,279 39,083 11,258 286,290			
	<u></u>								10.629		9.484			
	756				135		272		313.664		295.774			
•									<i>(</i> , , , , , , , , , , , , , , , , , , ,		F7 250			
	-		-		-		-		65,515 33,629		57,259 21,924			
	-		_		-		-		185,877		180,343			
	-		_		_		-		922		513			
	_ _								103.773		109.251			
			_=						389.719	_	369,291			
	2.759		_55_		10.755		1.082		56,140		78.099			
	2.759		55		10.755		1.082		445,859		447,391			
\$	3.516	\$	55	<u>\$</u>	10.891	\$	1.355	\$	759.524	<u>\$</u>	743,166			

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STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS — TRANSPORTATION RELATED FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	STATE AERONAUTICS FUND	STATE TRUNKLINE FUND	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND
REVENUES				
Taxes From federal agencies From local agencies From services From licenses and permits Miscellaneous	27,883 2,794 96 5 225	\$ 281,373 25,318 - 14,642 - 23,319	\$ 1,077,074 - - 62,335 11,188	\$ 44,445 8,490 - 108
Total Revenues	38,527_	344.653	1.150.598	62.853
EXPENDITURES				
Current: Transportation	35,170 -	283,133 427,164	561,119	142,385 -
Capital lease payments		1.173_		
Total Expenditures	35,170	711.470	561.119	142.385
Excess of Revenues over (under): Expenditures	3,356	(366,817)	589.479	(79,531)
OTHER FINANCING SOURCES (USES)				
Capital lease acquisitionsOperating transfers inOperating transfers out	(504)	414,279 (38,284)	1,155 (590,616)	106,579 (22,762)
Total Other Financing Sources (Uses)	(503)	375.995	(589,461)	83.816
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	2,853	9,177	18	4,284
Fund Balances - Beginning of fiscal year	13.332	299,166	409	101.964
Fund Balances — End of fiscal year	\$ 16,185	\$ 308.343	\$ 427	\$ 106,249

COMPREHENSIVE			1004		TOTALS				
TRAN	REHENSIVE ISPORTATION BOND	1983 STATE TRUNKLINE FUND	1984 COMPREHENSIVE TRANSPORTATION	1984 STATE	FISCAL \	(EARS ENDED			
CONSTRUCTION FUND		BOND PROCEEDSFUND	BOND PROCEEDS	TRUNKLINE FUND BOND PROCEEDS FUND	SEPTEMBER 30, 1989	SEPTEMBER 30, 1988			
\$	- - - - - - 842	\$ - - - - - - 84	\$ - - - - - - - 957	\$	\$ 1,127,126 317,747 28,550 965 77,311 47,618	\$ 1,092,729 333,205 28,017 888 53,985 48,803			
	842	84	957	802_	1.599.319	1.557.630			
	7,689 -	- 2,756	2,275	7,813	1,031,773 437,733	958,246 465,964			
	7.689	2.756	2,275	_	1.173 1.470.680	<u>1.181</u> <u>1.425.391</u>			
	(6.847)	(2,671)	(1,317)	(7.010)	128,638	132,239			
	- (1,537)	(2)	1,532 (6)	(3)	523,547 (653,718)	18 485,899 <u>(614,715)</u>			
	(1.537)	(2)	1.525	(3)	(130,170)	(128,797)			
	(8,385)	(2,673)	207	(7,013)	(1,532)	3,441			
	11.145	2.729	10.547	8.096	447.391	443.950			
\$	2.759	\$ 55	\$ 10.755	\$ 1.082	\$ 445.859	\$ 447.391			

STATE OF MICHIGAN COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL SPECIAL REVENUE FUNDS — TRANSPORTATION RELATED FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	STATE AERONAUTICS FUND							
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)					
REVENUES AND OTHER SOURCES								
Taxes From federal agencies From local agencies From local agencies From licenses and permits Miscellaneous Operating transfers in	\$ 5,800 43,500 5,849 630 100 620	\$ 5,605 27,883 2,794 965 225 1,053	\$ (194) (15,616) (3,054) 335 125 433					
Total Revenues and Other Sources	56.500	38.528	(17.971)					
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES — BY DEPARTMENT								
Transportation	38.007	35.753	2.254					
Total Expenditures, Operating Transfers Out, and Encumbrances	38.007	35,753	2,254					
over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ 18,492	2,774	\$ (15,717)					
Reconciling Items: Encumbrances at September 30 Funds not annually budgeted		78						
Net Reconciling Items		78						
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	. •	2.853						
FUND BALANCES (GAAP BASIS)								
Beginning balances		13.332						
Ending balances (GAAP Basis)		\$ 16,185						

STATE TRUNKLINE FUND					MICHIGAN TRANSPORTATION FUND				COMPREHENSIVE TRANSPORTATION FUND								
_	BUDGET		ACTUAL	FA	ARIANCE AVORABLE FAVORABLE	D	BUDGET		ACTUAL	F	ARIANCE AVORABLE FAVORABLE)	BUO	<u>GET</u>		ACTUAL	F	/ARIANCE FAVORABLE HFAVORABLE)
\$	249,400 35,288	\$	281,373 25,318	\$	31,973 (9,969)	•	,086,200 - -	\$	1,077,074 - -	\$	(9,125) \$		3,600 9,400 -	\$	44,445 8,490	\$	845 (909) -
_	15,298 48,712 366,000	_	14,642 23,319 414,279		(656) (25,393) 48,279		60,731 11,268		62,335 11,188 1,155		1,604 (80) 1,155		92 8,607 7,700		108 9,807 106.579		16 1,200 (1,120)
_	714,700	_	758.933		44,233	1.	158.200		1.151.753		(6.446)	16	9,400		169,432	_	32
	775,468		752.394		23.074		.153.902		1.151.735		2.166	23	5.012	_	227.946	_	7.066
	775,468		752 . 394		23.074		<u>.153.902</u>		1.151.735		2.166	23	5,012		227.946	_	7.066
<u>s_</u>	(60,768)		6.539	<u>\$</u>	67,307	<u> </u>	4,297		18	<u>. </u>	(4.279) \$	(6	5,612)		(58,514)	<u>\$_</u>	7.098
			2,638						-						62,798		
		_	2,638					_							62.798		
		_	9,177					-	18					_	4.284		
			299,166					_	409						101,964		
		\$	308,343					\$	427					<u>\$</u>	106,249		

This schedule continued on next page.

STATE OF MICHIGAN COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL SPECIAL REVENUE FUNDS — TRANSPORTATION RELATED (Continued) FISCAL YEAR ENDED SEPTEMBER: 30, 1989 (In Thousands)

	FUNDS NOT ANNUALLY BUDGETED							
	COMPREHENSIVE TRANSPORTATION BOND CONSTRUCTION FUND	1983 STATE TRUNKLINE FUND BOND PROCEEDS FUND	1984 COMPREHENSIVE TRANSPORTATION BOND PROCEEDS	1984 STATE TRUNKLINE FUND BOND PROCEEDS FUND ACTUAL				
Statutory/Budgetary Basis	ACTUAL	ACTUAL	ACTUAL					
REVENUES AND OTHER SOURCES								
Taxes	- - - - -	\$ - - - - -	\$ - - - - - -	\$ - - - - -				
Total Revenues and Other Sources								
EXPENDITURES, OPERATING TRANSFERS OUT AND ENCUMBRANCES — BY DEPARTMENT	•							
Transportation								
Total Expenditures, Operating Transfers Out, and Encumbrances								
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)		-		<u>-</u> _				
Reconciling Items: Encumbrances at September 30 Funds not annually budgeted	(8.385)	(2.673)	207	<u>(7.013)</u>				
Net Reconciling Items	(8.385)	(2.673)	207	(7.013)				
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	(8.385)	(2.673)	207	(7.013)				
FUND BALANCES (GAAP BASIS)								
Beginning balances	11,145	2.729	10,547	8.096				
Ending balances (GAAP Basis)	\$ 2,759	\$ 55	\$ 10,755	\$1,082				

167, 127, 124, 127, 126, 127, 127, 126, 128, 129, 129, 128, 129, 128, 129, 128, 129, 128, 129, 128, 129, 128, 129, 128, 129, 128, 129, 128, 129, 128, 129, 128, 129, 128, 129, 128, 129, 128, 129, 129, 129, 129, 129, 129, 129, 129	2 2 2	135008 135,600 195,205 196,
25. 751. 26. 77. 26. 77. 26. 75. 26. 751. 26. 751. 26. 751.	2	006, 206 861, 14 005, 69 25, 20 008, 860, 5 166, 505, 5
281.64)	2	951,14 005,63 007,574 008,860,5 196,505,5
68.731. 68.731. 68.731. 68.731.	2	008,860,5 008,860,5 198,505,5
81.64) 88.791.	2	007.574 008.860.5 165.505.5
81.64) 88.791.	2	008.860.5 166.505.5
058.731. 058.731.	2	1 <u>86.505.5</u>
058.731.	2	166,505,5
(49.181.84)		,
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STATE OF MICHIGAN DESCRIPTIONS OF SPECIAL REVENUE FUNDS - CONSERVATION AND RECREATION RELATED FISCAL YEAR ENDED SEPTEMBER 30, 1989

GAME AND FISH PROTECTION FUND

This fund was established by P.A. 17 of 1921. It is financed principally from hunting and fishing license fees whose purpose is to support the conservation program for preservation and control of fish and wildlife. Activity in this fund consists primarily of transfers to the General Fund. The transfers finance appropriations for game and fish related activities and for grants to counties, made under provisions of P.A. 91 of 1925, as payment in lieu of taxes on certain State owned real property purchased from this fund. Since October 1, 1987, oil and gas revenues derived from leases on land which had been purchased by the Game and Fish Protection Fund are being credited to the Game and Fish Protection Trust Fund.

MICHIGAN STATE WATERWAYS FUND

This fund was established by P.A. 320 of 1947. Subsequent legislation has broadened the fund's activities and increased its sources of revenue. It receives portions of watercraft registration fees and gasoline taxes, some of which are collected by other State funds and credited as operating transfers into this fund. These revenues are directed primarily toward improvement of lake harbors, docking facilities, and inland waterways. Expenditures for certain items, such as capital outlay, grants to local units, and marine fuel purchases, are made directly from the fund. Other expenditures are recorded in the General Fund, with financing provided by transfers from this fund.

MARINE SAFETY FUND

This fund was established by P.A. 303 of 1967 and is financed principally by a portion of watercraft registration fees imposed by this act. Amendatory Act 153 of 1974 provided for a graduated watercraft registration fee based upon the length of a vessel or motorboat and brought licensees onto a 3-year. renewal cycle. This causes the fee revenues every third year to be significantly higher than the intervening years. The 1989-90 fiscal year will be a major renewal year. Through transfers to the General Fund and grants to counties, this fund provides educational programs, law enforcement and the establishment of regulations for the operation of watercraft on the waters of this State.

Public Act 56 of 1988 reduced this fund's share of watercraft registration fees from 75% to 60% effective March 13, 1988. On January 1, 1989, the share dropped to 49%. These changes were made to provide funding for the new Harbor Development Program, which has been incorporated into the Michigan State Waterways Fund. Effective January 1, 1989, this law also created the Marine Safety Advisory Council within the Department of Natural Resources. The department is required to allocate funding to counties as recommended by the Advisory Council. Further, P.A. 56 significantly increases watercraft registration fees in two increments effective January 1, 1989 and January 1, 1990.

GAME AND FISH PROTECTION TRUST FUND

This fund was created by P.A. 73 of 1986 to restrict certain assets for the purpose of generating interest and earnings which must be transferred to the Game and Fish Protection Fund each year. Initial funding in 1985-86 was by equity transfer of monies which were previously held in the State Recreational Land Acquisition Trust Fund in the subfund reserve established by P.A. 204 of 1976, Section 4. Additional investment funding is being provided primarily by mineral royalties from lands acquired by the Game and Fish Protection Fund which, by statute, are being retained for permanent investment. As specified by P.A. 73 of 1986, since October 1, 1987 various mineral royalties, direct sale proceeds and other revenues previously deposited in the Game and Fish Protection Fund and the Michigan Natural Resources Trust Fund have been credited to the Game and Fish Protection Trust Fund Michigan Natural Resources Trust Fund have been credited to the Game and Fish Protection Trust Fund.

STATE PARK IMPROVEMENT FUND-

This fund was established by P.A. 149 of 1960 as amended, and is financed mainly by the proceeds of an authorized \$20 million revenue dedicated bond issue and from State park permit fees necessary for entry by motor vehicle into designated State parks. Permit fees are recorded as operating transfers from the State Park Revenue Bond Fund which makes allocations from such fees.

The resources of this fund are subject to appropriations by the Legislature for operation, the acquisition of land, construction, development, and improvement of State parks. Operating transfers out consist mainly of transfers to the General Fund for support of park operations and administrative expenditures.

STATE OF MICHIGAN. DESCRIPTIONS OF SPECIAL REVENUE FINOS — CONSERVATION AND RECREATION RELATED (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989

RECREATION BOND FUND - LOCAL PROJECTS

This fund was established by P.A. 327 of 1988 to account for the proceeds of \$70.0 million of general obligation bonds approved by the people in November, 1988 as part of a \$140.0 million bond package for financing state and local public recreation projects. This approval was obtained under the general authority of Section 15, Article IX, of the 1963 State Constitution. Public Act 329 of 1988 specifies that \$65.0 million of the proceeds of these bonds will be used to provide grants and loans to local units of government for local public recreation projects. It also specifies that \$5.0 million shall be used to provide grants and loans to local units of government for the purpose of discouraging development of open space and undeveloped lands. These activities are accounted for in this fund. An initial bond sale of \$1.5 million was made for these purposes in November, 1989. This fund is administered by the Department of Natural Resources.

ENVIRONMENTAL PROTECTION BOND FUND

This fund was established by P.A. 326 of 1988 to account for the proceeds of \$660.0 million of general obligation bonds approved by the people in November, 1988. This approval was obtained under the general authority of Section 15, Article IX, of the 1963 State Constitution. The bonds are authorized for financing environmental protection programs that would clean up sites of toxic and other environmental contamination and contribute to a regional Great Lakes protection fund, address solid waste problems, treat sewage and other water quality problems, and reuse industrial sites and preserve open space. Public Act 328 of 1988 specifies that not more than \$425.0 million of the proceeds of these bonds will be available to clean up sites of toxic and other environmental contamination, not more than \$150.0 million will be available for solid waste projects, not more than \$60.0 million will be available to capitalize a state water pollution control revolving fund, and not more than \$25.0 million will be available to fund Michigan's participation in a regional Great Lakes protection fund. An initial bond sale of \$65.0 million was made in November, 1989. This fund is administered by the Department of Natural Resources.

MICHIGAN NATURAL RESOURCES TRUST FUND

The State Constitution was amended in November, 1984 to provide for a "Michigan Natural Resources Trust Fund." Public Act 101 of 1985 implemented the amendment by stipulating that the State Recreational Land Acquisition Trust Fund be merged into the Michigan Natural Resources Trust Fund effective October 1, 1985. Most rentals, royalties and other revenues derived from mineral, coal, oil, and gas interests on land owned by the State are credited to the fund for future purchases of land for recreational purposes, for administrative expenditures, and for the payment of any taxes owed by the State on the land. The fund is also required to make distributions through September 30, 2032 to the Michigan Strategic Fund.

WATER POLLUTION CONTROL BOND FUND

This fund was established by P.A. 329 of 1966 to account for the proceeds of \$335.0 million of general obligation bonds approved by the people in November, 1968, for the prevention and abatement of water pollution. This approval was obtained under the general authority of Section 15, Article IX, of the 1963 Constitution and P.A. 76 of 1968. Bond sales were completed in November, 1984 with a \$33.0 million sale. The proceeds of these bonds are used to assist local units of government in financing construction of facilities for treatment of sewage and other liquid wastes. The fund is administered by the Department of Natural Resources.

MICHIGAN NONGAME FISH AND WILDLIFE FUND

This fund was established by P.A. 189 of 1983 as amended by P.A. 145 of 1985 and P.A. 285 of 1986 to provide for research and management of nongame fish and wildlife, designated endangered species, and designated plant species of this state. Until 1994, or sooner if the assets of the fund exceed \$6.0 million, Michigan state income taxpayers may designate \$2 or more of their tax refund to this fund. The fund may also receive appropriations from other funds, donations, and investment income.

Annually, 20% or more of the fund's revenues must be retained for permanent investment. The State Treasurer directs the fund's investments. Expenditures for grants are appropriated and recorded in this fund. Other expenditures are appropriated and recorded in the General Fund, with financing provided by operating transfers from this fund.

STATE OF MICHIGAN COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS — CONSERVATION AND RECREATION RELATED SEPTEMBER 30, 1989 (In Thousands)

		GAME AND FISH PROTECTION FUND		MICHIGAN STATE WATERWAYS FUND		MARINE SAFETY FUND		GAME AND FISH PROTECTION TRUST FUND		STATE PARK IMPROVEMENT FUND	
ASSETS							•				
Current Assets:											
Cash and cash equivalents Equity in Common Cash Taxes, interest, and penalties receivable	\$	1,010 3,461	\$	9,052 11	\$	2,283	\$	24 22,382	\$	22 4,178	
Amounts due from other funds Amounts due from federal agencies		1,343		130 292		61 632		528		5	
Amounts due from local units Inventories Other current assets		8,235		126		- - 1		- 367		-	
Total Current Assets		14.051	_	9.624		2,978	=	23.302	_	4,205	
Total Assets	\$	14,051	<u>s_</u>	9.624	<u>\$_</u>	2.978	\$_	23.302	<u>\$</u>	4,205	
LIABILITIES AND FUND BALANCES											
Current Liabilities:											
Warrants outstandingAccounts payable and other liabilities	\$	578 698 35	\$	3 71	\$	277 277	\$	-	\$	136 404	
Total Current Liabilities	_	1,312	_	75	_	282				543	
Long-Term Liabilities:											
Deferred revenue		 _	_	_ _	_						
Total Liabilities		1.312		75_	_	282			_	543	
Fund Balances: Reserves for:											
Budgetary carry-forwards: Restricted revenues Multi-year projects		5,892 1,043		2,584 6,083		-		-		3,557	
Funds held as permanent investments		_			_		_	23,302			
Total Reserved	_	6.936		8,668				23.302		3.557	
Unreserved		5.802		880_		2.696	_			104	
Total Fund Balances		12.738		9,549		2.696		23.302		3.662	
Total Liabilities and Fund Balances	<u>s</u>	14.051	<u>\$</u>	9,624	<u>\$</u>	2.978	<u>\$</u>	23.302	<u>s</u>	4.205	

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RECREATION		ENVIRONMENTAL	MICHIGAN	WATER	MICHIGAN NONGAME	TOTALS			
LO	FUND- CAL JECTS	PROTECTION BOND FUND	NATURAL RESOURCES TRUST FUND	POLLUTION CONTROL BOND FUND	FISH AND WILDLIFE FUND	SEPTEMBER 30, 1989	SEPTEMBER 30,		
						,			
\$	- -	\$ - -	\$ 153 138,393	\$ 6,624	\$ - 1,251	\$ 1,214 187,627	\$ 25 171,015 10		
	- -	- - -	3,093 - -	155 - 387	27 - -	4,000 2,269 387 126	3,183 534 385 44		
			4.148 145.787	7,167	63 1.342	12.822 208.460	12.001 187.201		
<u> </u>	0_	<u>\$</u>	<u>\$ 145.787</u>	\$ 7.167	\$ 1.342	\$ 208.460	\$ 187,201		
\$		\$ - 3 - 2.402	\$ 422 1,024 	\$ 77 816	\$ 9 3	\$ 1,233 3,300 2,617	\$ 732 5,330 		
	176	2,406		894	13	7,151	6,110		
	176	2.406	<u>847</u>		13	847 7.999			
	- - -	-	62,619		900 900	8,476 73,304 24,202 105,984	5,562 66,207 18,672 90,442		
	(176)	(2.406)	80.872	6.273	429	94.476	90.648		
	(176)	(2,406)	143.492	6.273	1.329	200.460	181.090		
<u> </u>	0_	<u> </u>	\$ 145.787	\$ 7.167	\$ 1.342	\$ 208.460	\$ 187,201		

STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS — CONSERVATION AND RECREATION RELATED FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	GAME AND FISH PROTECTION FUND	MICHIGAN STATE WATERWAYS FUND	MARINE SAFETY FUND	GAME AND FISH PROTECTION TRUST FUND	STATE PARK IMPROVEMENT FUND	
REVENUES						
TaxesFrom federal agenciesFrom local agencies	2,401	\$ 54 1,079	\$ - 632	\$ -	\$ -5	
From licenses and permits	40,919	2,840 2,231	2,978 201	7,140	205	
Total Revenues	44,557	6,206	3.812	7.140	211	
EXPENDITURES			•			
Current: Conservation, recreation, and agriculture. Capital outlay	22 2.513	2,679 1.384	2,029	<u>-</u>	2,447	
Total Expenditures	2.535	4.064	2.029		2.447	
Excess of Revenues over (under) Expenditures	42.021	2.142	1.782	7.140	(2.236)	
OTHER FINANCING SOURCES (USES)						
Operating transfers in		9,922 (7,665)	(1.462)	(1.909)	4,445 (4,122)	
Total Other Financing Sources (Uses)	(39.170)	2.256	(1.462)	(1,909)	322	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	2,851	4,398	319	5,230	(1,913)	
Fund Balances — Beginning of fiscal year Equity transfers to other funds	9,886	5,150	2,376	18,072	5,576	
Fund Balances - End of fiscal year	\$ 12.738	\$ 9.549	\$ 2.696	\$ 23.302	\$ 3,662	

						TOTALS					
RECREATION BOND FUND— LOCAL PROJECTS		ENVIRONMENTAL	MICHIGAN	WATER	MICHIGAN NONGAME	FISCAL YEARS ENDED					
		PROTECTION BOND FUND	NATURAL RESOURCES TRUST FUND	POLLUTION CONTROL BOND FUND	FISH AND WILDLIFE FUND	SEPTEMBER 30, 1989	SEPTEMBER 30, 1988				
\$	-	\$ <u>-</u>	\$ -	\$ -	\$ <u>-</u>	\$ 54 4,119	\$ 23 2,878				
	-	<u>-</u>	47.138	367 684		367 46,738 59,458	45,472 58,131				
-, .			47.138	1.051	620	110.738	106,506				
	_	3	4,055	828	111	9,731	8,896				
			11.357			<u>17.703</u>	15,501				
		3_	15,413	828		27.435	24.398				
		(3)	31.724	222	508_	83,302	82.107				
	(176)	(2,402)	269 (20,072)	(3)	(264)	18,592 (81,206)	17,224 (80,781)				
	(176)	(2,402)	(19.803)	(3)	(264)	(62,613)	(63,556)				
	(176)	(2,406)	11,921	219	244	20,689	18,551				
	- 0-		132,890 (1.319)	6,053	1,084	181,090 (1.319)	163,075 (536)				
\$	(176)	\$ (2,406)	\$ 143,492	\$ 6,273	\$ 1.329	\$ 200,460	\$ 181.090				

STATE OF MICHIGAN COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL — SPECIAL REVENUE FUNDS — CONSERVATION AND RECREATION RELATED FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	GAME AND	FISH PROTECT	ION FUND	MICHIGAN	MICHIGAN STATE WATERWAYS FUND				
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)			
REVENUES AND OTHER SOURCES									
Taxes From federal agencies From licenses and permits Miscellaneous Operating transfers in	337 39,700 562	\$ - 2,401 40,919 1,237 3,955	2,063 1,219 675	2,880 5,387 5,432	\$ 54 1,079 2,840 2,231 9,922	(1,801) (2,546) (3,200)			
Total Revenues and Other Sources	40.600	48,513	7.913	13,700	16.128	2.428			
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES — BY DEPARTMENT									
Natural Resources	46.806	45,661	1.144	12.506	11.730	776			
Total Expenditures, Operating Transfers Out, and Encumbrances	46.806	45,661	1.144	12,506	11.730	776			
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (6,206)	2.851	\$ 9.057	s 1.193	4,398	\$ 3.204			
Reconciling Items: Funds not annually budgeted						-			
Net Reconciling Items			,			-			
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		2.851			4.398	-			
FUND BALANCES (GAAP BASIS)									
Beginning balances Equity transfers to other funds		9,886			5,150	-			
Ending balances (GAAP Basis)		\$ 12.738			\$ 9,549	<u>-</u>			

MARINE SAFETY FUND					STATE PARK IMPROVEMENT FUND						MICHIGAN NATURAL RESOURCES TRUST FUND							
BUDGET		ACTUAL		VARIANCE FAVORABLE (UNFAVORABLE)			BUDGET		ACTUAL	•	/ARIANCE FAVORABLE IFAVORABLE)	BUDGET		ACTUAL	F/	ARIANCE AVORABLE FAVORABLE	
\$	143 2,600 56	\$	632 2,978 201	\$	48 37 14	8 8	\$	1,372 3,027	\$	- 5 - 205 4,445	\$ 	(1,366) (2,822) 4,445	\$ -	95 37,404	\$	47,138 269	\$	(95) 9,734 269
	2,800	_	3,812		1.01	2_		4,400	_	4.656	_	256		37,500		47,407		9.907
	3.595	_	3,492		10	2_		6.580		6.570	_	10		35,602		35.485		116
	3,595	_	3.492		10	2_	_	6.580	_	6.570		10		35.602	_	35,485		116
<u>\$</u>	(795)		319	<u>s</u>	1,11	4_	<u>\$</u>	(2,180)		(1.913)	<u>\$</u>	266	<u>s</u>	1.897	. —	11.921	<u>\$</u>	10.023
		_								<u>-</u> _					_			
				•					_	<u>_</u>								
		_	319						_	(1.913)						11.921		
			2,376						_	5,576						132,890 (1,319)		
		\$ _	2,696	•					\$	3,662					\$_	143,492		

nis schedule continued on next page.

STATE OF MICHIGAN COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL REVENUE FUNDS - CONSERVATION AND RECREATION RELATED (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	MICHIGAN NONGAME FISH AND WILDLIFE FUND							
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)					
REVENUES AND OTHER SOURCES	nc-							
Taxes	- 700	\$ - - 620	\$ - - (79)					
Total Revenues and Other Sources		620	(79)					
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES — BY DEPARTMENT								
Natural Resources	518	376	141					
Total Expenditures, Operating Transfers Out, and Encumbrances	518	376	141_					
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/Budgetary basis)	\$ 182	244_	\$ 62					
Reconciling Items: Funds not annually budgeted								
Net Reconciling Items								
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		244						
FUND BALANCES (GAAP BASIS)	•							
Beginning balances Equity transfers to other funds		1,084						
Ending balances (GAAP Basis)		\$ 1,329						

	FUNDS NOT ANN	UALLY BUDGETED						
GAME AND FISH PROTECTION TRUST FUND	RECREATION BOND FUND— LOCAL PROJECTS	ENVIRONMENTAL PROTECTION BOND FUND	WATER POLLUTION CONTROL BOND FUND	TOTALS				
ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)		
\$ - - - - -	\$ - - - -	\$ - - - -	\$ - - - -	\$ 4,830 47,687 47,182 	\$ 54 4,119 46,738 51,633 18,592	\$ 54 (711) (948) 4,451 18.592 21,438		
				105,608	103.316103.316	2.291		
				\$ (5.908)	17.821	2.291 \$ 23.730		
5.230	(176)	(2.406)	219		2.867			
5.230_	(176)	(2,496)	219		2.867			
5.230_	(176)	(2.406)	219_	•	20.689			
18,072	-0-	-0-	6,053	·	181,090 (1,319)			
\$ 23,302	\$ (:176)	\$ (2,406)	\$ 6.273		\$ 200,460			

STATE OF MICHIGAN DESCRIPTIONS OF SPECIAL REVENUE FUNDS — REGULATORY AND ADMINISTRATIVE RELATED FISCAL YEAR ENDED SEPTEMBER 30, 1989

MICHIGAN EMPLOYMENT SECURITY ACT — ADMINISTRATION FUND

This fund was created by P.A. 1 of 1936 (Extra Session) to account for administrative costs of the Michigan Employment Security Commission (MESC). The fund derives most of its revenue from federal grants and, when approved by the commission, transfers from the Michigan Employment Security Act Contingent Fund (an expendable trust fund). Expenditures for administration are subject to legislative appropriation.

Unemployment benefit payments to individuals are made directly from trust funds accumulated from employer premium payments. These activities are reported in the Michigan Unemployment Compensation Fund (a component unit reported as an expendable trust fund).

MOTOR VEHICLE ACCIDENT CLAIMS FUND

The Motor Vehicle Accident Claims Fund, established by P.A. 198 of 1965, was financed by a \$45 fee for uninsured motor vehicles. The purpose of the fund was diminished by P.A. 294 of 1972. This act implemented "no fault" insurance in Michigan and requires that the owner of each motor vehicle registered in Michigan be covered by the insurance specified in the act. Since October 1, 1973, the effective date of this act, the \$45 fee for uninsured motorists has not been collected.

Currently, revenues are derived from installment repayments by uninsured motorists for claims and/or court judgments and from interest earnings. Claim settlements and administrative costs are appropriated in the General Fund where they are incorporated in the Department of State's budget. Claims which have been settled but unreimbursed by uninsured motorists found at fault amounted to \$11.8 million at September 30, 1989. Of this amount, approximately \$9.4 million is anticipated to be uncollectable. Because of the poor history of recoveries of such settlements this amount has not been reflected in the financial statements by the recognition of revenue and the corresponding amount receivable.

Beginning with this fiscal year, the remaining activities of the fund are being recorded in restricted accounts within the General Fund. These statements show an equity transfer of the fund balance as of October 1, 1988 to the General Fund.

SAFETY EDUCATION AND TRAINING FUND

This fund was established by P.A. 24 of 1977, as amended, under the jurisdiction of the Department of Labor. The act imposes an annual levy on each insurance carrier licensed to do workers' disability compensation business in the State, on the State Accident Fund, and on each self-insured employer. The act also provides for deposit of these assessments in the Safety Education and Training Fund to finance the Safety Education and Training Division of the Department of Labor. These funds are annually appropriated by the Legislature for operations. These expenditures occur in the General Fund and are financed by operating transfers from this fund.

STATE CONSTRUCTION CODE FUND

The State Construction Code Fund was created by P.A. 371 of 1980. Fees established by the Director of the Department of Labor, as approved by the Construction Code Commission, for acts and services performed by the commission are deposited in the fund. The fees received for building permit applications and other funds collected under this act are appropriated by the Legislature for the operation of the Bureau of Construction Codes and related indirect overhead expenditures. These expenditures are recorded in the General Fund with an operating transfer being made from this fund to finance them.

STATE OF HICHIGAN DESCRIPTIONS OF SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989

MICHIGAN JUSTICE TRAINING FUND

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The Michigan Justice Training Fund was created by P.A. 302 of 1982 to support the activities of the Michigan Justice Training Commission. The Commission distributes funds to governmental units, including the Michigan Department of State Police, to provide for criminal justice training of police officers. Revenues are derived by an assessment on certain civil infractions.

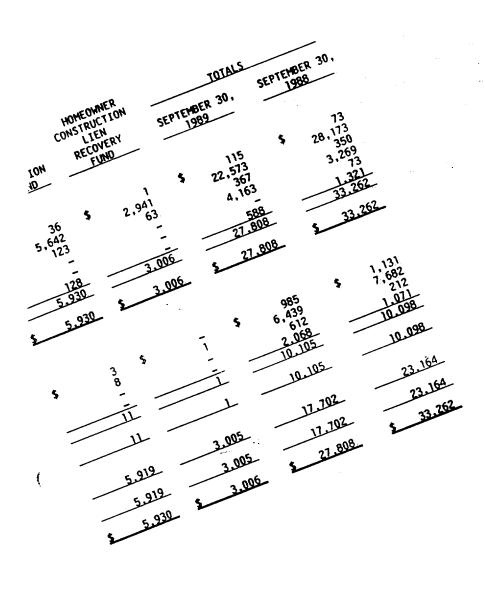
Beginning with this fiscal year, the activities of the fund are accounted for using restricted accounts within the General Fund. These statements show an equity transfer of the fund balance as of October 1, 1988 to the General Fund.

HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND

The Homeowner Construction Lien Recovery Fund was established by P.A. 497 of 1980 to allow contractors, subcontractors, suppliers, and laborers to collect payments for work done if they have not been paid despite filing a residential lien. The fund is self-sustaining and is financed by fees assessed on builders, electrical and plumbing contractors, and laborers. Expenditures are appropriated for and recorded in the General Fund with financing provided by operating transfers from the fund.

STATE OF MICHIGAN COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS — REGULATORY AND ADMINISTRATIVE RELATED SEPTEMBER 30, 1989 (In Thousands)

ASSETS	MICHIGAN EMPLOYMENT SECURITY ACT ADMS. FUND	SAFETY EDUCATION AND TRAINING FUND
Current Assets: Cash and cash equivalents Equity in Common Cash Amounts due from other funds Amounts due from federal agencies Amounts due from local units Other current assets Total Current Assets	5,570 - 4,163 - - - 286	\$ 6 8,418 181 - - 172 8,779
Total Assets	\$ 10.091	\$ 8,779
Current Liabilities: Warrants outstanding	6,428 612 2,068 10,091	\$ - - - -
Total Liabilities Fund Balances: Unreserved		8,778
Total Fund Balances Total Liabilities and Fund Balances		8,778 \$ 8,779



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STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS — REGULATORY AND ADMINISTRATIVE RELATED FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT ADMS. FUND	MOTOR VEHICLE ACCIDENT CLAIMS FUND	SAFETY EDUCATION AND TRAINING FUND
REVENUES			
From federal agencies	1,463	\$ - - -	\$ - - - 3,866
Total Revenues	126.766		3,866
EXPENDITURES		<u>.</u> .	
Current: General government Labor, commerce, and regulatory Debt service: Capital lease payments	125,940	-	Ξ
Total Expenditures			
Excess of Revenues over (under) Expenditures			3,866
, , , , , , , , , , , , , , , , , , , ,			
Capital lease acquisitions	2,924	- - -	(3.312)
Total Other Financing Sources (Uses)	1.078	_ _	(3,312)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	-	554
Fund Balances — Beginning of fiscal year	-0-	1,832	8,224
Equity transfers to other funds		(1.832)	
Fund Balances — End of fiscal year	\$0_	\$ -0-	\$ 8.778

			TO	TALS	
STATE	MICHIGAN	HOMEOWNER CONSTRUCTION	FISCAL YE	ARS ENDED	
CONSTRUCTION CODE FUND	JUSTICE TRAINING FUND	LIEN RECOVERY <u>Fund</u>	SEPTEMBER 30, 1989	SEPTEMBER 30,	
5,509 553_	\$ - - -	\$ - - - 536	\$ 125,119 1,463 5,509 5,140	\$ 120,403 1,391 5,170 10,521	
6.062		536_	137.232	137.487	
		***	•		
		•			
_	-	<u>-</u> -	125 ,9 40	4,397 117,126	
_	_	_	1.905	2.496	
			127.845	124.020	
6.062		536	9.386	13.466	
.	-	-	2,215	2,725	
(5,830)		(469)	2,926 (13,673)	(15.046)	
(5,828)		(469)	(8.532)	(12.320)	
233	-	66	854	1,145	
5,685	4,484	2,938	23,164	22,018	
	(4,484)		(6,316)		
\$ 5,919	<u> </u>	\$ 3.005	\$ 17,702	\$ 23.164	

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STATE OF MICHIGAN COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL — SPECIAL REVENUE FUNDS — REGULATORY AND ADMINISTRATIVE RELATED FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

MICHIGAN EMPLOYMENT SECURITY ACT ADMINISTRATION FUND

Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES			
From federal agencies\$ From local agencies From licenses and permits	4,192	\$ 125,119 1,463	\$ 14,119 (2,729)
Miscellaneous	307	183 2.924	(123) 2,924
Total Revenues and Other Sources	115,500	129.690	14.190_
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES — BY DEPARTMENT			
LaborLicensing and Regulation	129,690	129,690	<u> </u>
Total Expenditures, Operating Transfers Out, and Encumbrances	129,690	129,690	1
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	(14.190)		\$ 14,190
Net Reconciling Items			
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)			
FUND BALANCES (GAAP BASIS)	•		
Beginning balances	* *	-0-	
Equity transfers to other funds			
Ending balances (GAAP Basis)		_0_	

SAFETY EDUCATION AND TRAINING FUND			STATE CONSTRUCTION CODE FUND								
BL	DGET	ACTI	JAL	FAV	IANCE ORABLE VORABLE)	B	UDGET	A	CTUAL	FAV	IANCE DRABLE VORABLE)
\$	-	\$	<u>-</u>	\$	<u>-</u>	\$	·	\$	-	. \$	<u>-</u>
	2,800	;	3,866 		1,066		5,068 431		5,509 553		440 122 1
	2.800		3.867		1.067		5.500		6.064		564
	3,442	· .:	3,312		129		5,929	<u></u> -	5,830		98 - -
	3,442		3.312		129		5.929		5.830		98
\$	(642)		<u>554</u>	S	1., 197	<u>\$</u>	(429)		233	<u>\$</u>	662
			554					 .	233		
		;	8,224					• •	5,685		
		<u> </u>	- 8.778					<u>. </u>	5.919		

his schedule continued on next page.

STATE OF MICHIGAN. COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL — SPECIAL REVENUE FUNDS — REGULATORY AND ADMINISTRATIVE RELATED (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	HOMEOWNER CONSTRUCTION LEIN RECOVERY FUND					
Statutory/Budgetary Basis REVENUES AND OTHER SOURCES	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)			
From federal agencies	•	\$ -	\$ -			
From local agencies	-	-	-			
From licenses and permits	400	- 536	136			
Operating transfers in						
Total Revenues and Other Sources	400_	536_	136_			
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES — BY DEPARTMENT			and the second			
Labor	-	-	=			
Licensing and Regulation	668	<u>469</u>	199_			
Total Expenditures, Operating Transfers Out, and Encumbrances	668	469				
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (268)	66	\$ 335			
Net Reconciling Items						
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		66				
FUND BALANCES (GAAP BASIS)						
Reginning balances		2,938				
Equity transfers to other funds						
Ending balances (GAAP Basis)		\$ 3.005	-			

FUNDS NOT AN	NUALLY BUDGETED			
MOTOR VEHICLE ACCIDENT CLAIMS FUND	MICHIGAN JUSTICE TRAINING FUND		TOTALS	
ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ - - - -	\$ - - - - -	\$ 111,000 4,192 5,068 3,938 ————————————————————————————————————	\$ 125,119 1,463 5,509 5,140 2,926	\$ 14,119 (2,729) 440 1,201 2,926
	· · · · · · · · · · · · · · · · · · ·	139,063 668	138,834 469	228 199
	_	139,731	139,304	427
		\$ (15.53 <u>1)</u>	854 	\$ 16,386
	_			
1,832	4,484		23,164	
(1.832)	(4,484)		(6.316)	
<u>\$ -0-</u>	\$ -0-		\$ 17.702	

STATE OF MICHIGAN DESCRIPTIONS OF SPECIAL REVENUE FUNDS — OTHER STATE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989

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COUNTER-CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND

This fund, which is commonly referred to as the Budget Stabilization Fund, was created by P.A. 76 of 1977 to assist in stabilizing revenue and employment during periods of economic recession and high unemployment. In general, transfers are made into this fund from the General Fund during improving economic times and funds flow from this fund to the General Fund in times of declining economy. In the event that the fund balance at year end exceeds 25% of the actual General Fund general purpose revenue for the fiscal year, the law provides that the excess be rebated on the individual income tax returns filed in the following fiscal year.

Amounts transferred to the fund are limited to actual appropriations made annually by the Legislature. Such appropriations may be based on a formula that is dependent on the annual growth rate as defined by the statute. The balances in the fund are held in the State's common cash pool and interest earnings are credited as revenues of the fund. Transfers from the fund are based upon a formula which is dependent upon unemployment rates; however, under certain conditions the Legislature may override the formula and make limited appropriations from the fund for capital outlay projects.

MICHIGAN VETERANS' TRUST FUND

This fund was created by P.A. 9 of 1946 (First Extra Session) to finance programs to assist veterans and their beneficiaries. It is administered within the Department of Management and Budget and is governed by a six member board of trustees. Resources are provided by investment and common cash earnings and by transfers from the General Fund (described below). Expenditures and transfers out reflect grants to veterans and their widows or dependents and administrative costs at both the State and local level.

When the fund was created, investments of \$50.0 million were transferred to it to be used to generate income for the fund. The amounts reserved for investment have, by statute, been periodically transferred back (in 1959 and 1976); to the General Fund. This is described in the "Intenfund Commitments" note to the General Purpose Financial Statements.

SCHOOL AID FUND

This fund was created in 1955 by an amendment to the 1908 Constitution. Its continued existence was provided for by the 1963 Constitution. Its purpose is to furnish aid to school districts and provide financing for the Public School Employees' Retirement System. Payments of aid to school districts are based on a statutory formula.

The fund receives State revenues restricted to local school programs, including: the constitutional dedication of sixty percent of sales tax receipts; State Lottery Fund earnings; and portions of the cigarette, liquor, and industrial and commercial facilities taxes. Appropriated transfers from the General Fund are made to fund the difference between required payments and restricted financing sources.

VIETNAM VETERAN ERA BONUS FUND

This fund was established by P.A. 370 of 1974, as amended, to account for the proceeds of \$205 million authorized general obligation bonds approved by the people in November, 1974, to provide a service bonus to veterans, or their beneficiaries, who served in the armed forces of the United States between January 1, 1961 and September 1, 1973. Applications for benefits under this act were to be filed or received before September 30, 1980.

The remaining balance in the fund was transferred to the General Fund as of October 1, 1988, where the fund is now recorded in restricted accounts.

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STATE OF HICHIGAN DESCRIPTIONS OF SPECIAL REVENUE FUNDS — OTHER STATE FUNDS (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989

SCHOOL BOND LOAN FUND

The 1963 Constitution (Art. IX, Sec. 16) and P.A. 74 of 1955 authorized the issuance of State general obligation bonds to provide funds for loans to school districts. Loans are made for the payment of principal and interest on school district bonds under prescribed circumstances. The unreserved fund balance of this fund represents the amount available for making additional loans.

The proceeds of State bonds, as well as bond anticipation notes, are credited to the fund as an "Other Financing Source." When loans are made, operating transfers are recorded to the School Loan Bond Redemption Fund, the debt service fund which receives loan payments and services the State's bonds. The loans receivable are recorded as assets in the debt service fund.

CHILDREN'S TRUST FUND

The Children's Trust Fund was established by P.A. 249 of 1982 to support the State Child Abuse and Neglect Prevention Board. Established under P.A. 250 of 1982, the purpose of the board is to coordinate and fund activities for the prevention of child abuse and neglect in the State.

Revenues are derived from taxpayer donations made on the individual's income tax return, other gifts, interest earnings, and grants from the federal government. One half of the donations made on income tax returns are placed in a trust corpus. When the total assets of the fund exceed \$20 million, the earnings credited to the fund will be available for disbursement. Until that time, the amount available for disbursement is limited to 1/2 of tax refund designations, all additional donations and grants, and interest earnings credited to the fund in previous years.

STATE BUILDING AUTHORITY ADVANCE FINANCING FUND

This fund was administratively established in 1987-88 to account for expenditures incurred for higher education related projects prior to the issuance of State Building Authority bonds. Appropriation acts provide temporary financing of such expenditures for legislatively authorized projects. Expenditures on behalf of the State Building Authority are recorded when incurred. At year-end, any deficit in the common cash pool is reclassified as a payable to the General Fund. In addition to advance expenditures, expenditures financed by General Fund, or other sources related to State Building Authority projects are recorded in this fund.

The State Building Authority in its statements does not recognize liabilities for these projects until bonds are issued; therefore, until that time, no receivables from the Authority are recognized. This results in the fund showing a year-end fund balance deficit. When the Authority issues bonds and reimburses the State, the Authority reimburses this fund by recording an operating transfer and the deficit eliminated.

STATE OF MICHIGAN COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS — OTHER STATE FUNDS SEPTEMBER 30, 1989 (In Thousands)

ASSETS	COUNTER— CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND	MICHIGAN VETERANS' TRUST FUND	SCHOOL AID FUND
Comment to the			
Current Assets: Cash and cash equivalents Equity in Common Cash Taxes, interest, and penalties receivable. Amounts due from other funds Amounts due from federal agencies Amounts due from local units	\$ 409,596 9,617	\$ 2 4,634 - 279 - 326	\$ - 144,125 - 172 15,083
Other current assets		836	
Total Current Assets	419.213	6.079_	159.381_
Taxes, interest, and penalties receivable Advances to other funds	- - -	1,781 27,060	4,257 - 13,727
Total Assets	\$ 419,213	\$ 34,921	\$ 177,367
LIABILITIES AND FUND BALANCES			
Current Liabilities: Liability to Common Cash	<u>-</u>	\$ 43 241 ———————————————————————————————————	\$ - 367 5,814 153,200 159,381
Long—Term Liabilities: Deferred revenue			4.257
Total Liabilities		284	163,639
Fund Balances: Reserves for: Budgetary carry-forwards:			
Encumbrances	<u> </u>	1,570 - 32.010	-
Noncurrent assets		33,580	13.727 13.727
Unreserved	419.213	1.056	
Total Fund Balances	419,213	34,636	13,727
Total Liabilities and Fund Balances	\$ 419,213	\$ 34,921	\$ 177,367

ORITY TOTALS INCE ICING SEPTEMBER 30, SEPTEMB ID 1989 196	BER 30,
- 144,125 139 - 9,917 8 - 172 - 15,409 - 914 - 585,592 542 - 4,257 - 1,781 - 13,727	1 2,071 9,948 3,444 1,113 1,048 2,627 3,209 4,953 9,433 5,687
0- \$ 634.721 \$ 58	5.911
- 411 4,605 10,715 5,283 188,483 9,889 199,610 14	7,125 917 3,586 4,098 5,729 3,209 8,938
- 34,978 3 - 13,727 - 50,280 5 9,889) 380,572 38	7 841 1,863 4,607 9,433 6,753 0,219
2	- 4.257 - 4.257 - 4.257 - 4.257 - 4.257 - 34.978 - 34.978 - 34.978 - 34.978 - 34.978 - 37.727 - 50.280 - 3889) 380.572 38

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STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS — OTHER STATE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	COUNTER— CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND	MICHIGAN VETERANS' TRUST FUND	SCHOOL AID FUND	VIETNAM VETERAN ERA BONUS FUND
REVENUES				
TaxesFrom federal agenciesFrom local agenciesMiscellaneous	37.988	2.982	\$ 1,681,651 46,956 839 5,248	\$ <u>-</u>
Total Revenues	37.988	2.982	1.734.696	
EXPENDITURES				
Current: General government Education		4,401	2.691.696	
Total Expenditures		4,401	2.691.696	
Excess of Revenues over (under) Expenditures	37.988	(1.419)	(956,999)	
OTHER FINANCING SOURCES (USES)				
Proceeds from bond and bond anticipation note issues Operating transfers in:	-	-	- 483,961	-
From State Lottery FundFrom other funds		5.129	477.332	
Total operating transfers in Operating transfers out	(11.863)	5,129 (3.767)	961,294	
Total Other Financing Sources (Uses)	(11.863)	1.361	961.294	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	26,125	(57-)	4,294	_
Fund Balances - Beginning of fiscal year Equity transfers to other funds	393,088	34,694	9,433	1,320 (1,320)
Fund Balances - End of fiscal year	\$ 419,213	\$ 34,636	\$ 13.727	<u>s -0-</u>

		STATE		TALS		
SCHOOL	CHT DEFINE	BUILDING AUTHORITY	FISCAL YEARS ENDED			
BOND Loan <u>Fund</u>	CHILDREN'S TRUST FUND	ADVANCE FINANCING FUND	SEPTEMBER 30, 1989	SEPTEMBER 30, 1988		
\$ - - -	\$ - 501 - 1.113 - 1.615	\$ - - -	\$ 1,681,651 47,458 839 47,333	\$ 1,595,222 42,119 689 33.028		
49 49	1,483	36.162 36.162	5,885 2,727,908 2,733,793	6,350 2,733,887 2,740,237		
(49)	132_	(36, 162)	(956,510)	_(1.069.176)		
3,400	-	-	3,400	300		
(3.307)	22 22 (16)	820 820	483,961 <u>483,304</u> 967,266 (18,955)	488,436 612,712 1,101,148 (26,613)		
92_	5	820	951.711	1.074.835		
43:	137	(35,341)	(4,798)	5,658		
30	2,952	(4,547)	436,972 (1,320)	431,313		
\$ 73	\$ 3.090	\$ (39,889)	\$ 430.852	\$ 436.972		

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STATE OF MICHIGAN COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL — SPECIAL REVENUE FUNDS — OTHER STATE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

r	COUNTER-CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND					
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)			
REVENUES AND OTHER SOURCES						
Taxes	- 36,100	37,988	1,888			
Total Revenues and Other Sources	36,100	37.988	1.888			
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES — BY DEPARTMENT						
Management and Budget	11,863	11,863				
Total Expenditures, Operating Transfers Out, and Encumbrances	11.863	11,863				
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ 24,236	26,125	\$ <u>1.888</u>)			
Reconciling Items: Encumbrances at September 30		<u>-</u>				
Net Reconciling Items						
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		26.125				
FUND BALANCES (GAAP BASIS)						
Beginning balances		393,088				
Equity transfers to other funds						
Ending balances (GAAP Basis)		\$ 419,213				

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MICHIGAN VETERANS' TRUST FUND		SCHOOL AID FUND				
BUOGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
\$ - 2,000 9,100 11,100	\$ - 2,982 5,129 8,111	\$ - 982 (3.970) (2.988)	\$ 1,691,800 51,000 800 ———————————————————————————————	\$ 1,681,651 46,956 839 5,248 961,294 2,695,990	\$ (10,148) (4,043) 39 5,248 (23,405) (32,309)	
9,787	8,169	1,617	2.690.812 2.690.812	2.691.696 2.691.696	(883)	
) 1,312	(57)	\$ (1,370)	\$ 37,487	4,294	\$ (33,192)	
	(57)			4,294		
	34,694			9,433		
	\$ 34.636			\$ 13.727		

STATE OF MICHIGAN COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL — SPECIAL REVENUE FUNDS — OTHER STATE FUNDS (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	CHILDREN'S TRUST FUND			
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
REVENUES AND OTHER SOURCES				
Taxes. From federal agencies. From local agencies. Miscellaneous. Operating transfers in.	\$ 336 863	\$ - 501 - 1,113 - 22	\$ - 165 - 250 - 22	
Total Revenues and Other Sources	1.200	1.637	437	
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES — BY DEPARTMENT				
Management and Budget		1,504	636	
Total Expenditures, Operating Transfers Out, and Encumbrances	2.140	1.504	636_	
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (940)	132	\$ 1,073	
Reconciling Items: Encumbrances at September 30		4		
Net Reconciling Items		4		
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		137_		
FUND BALANCES (GAAP BASIS)				
Beginning balances		2,952		
Equity transfers to other funds				
Ending balances (GAAP Basis)		\$ 3.090		

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FUNDS	NOT ANNUALLY BU	DGETED	TOTALS		
VIETNAM VETERAN ERA BONUS FUND ACTUAL	SCHOOL BOND LOAN FUND ACTUAL	STATE BUILDING AUTHORITY ADVANCE FINANCING FUND ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
					••
\$ - - - -	\$ - - - -	\$	\$ 1,691,800 51,336 800 38,963 993,800	\$ 1,681,651 47,458 839 47,333 966,446	\$ (10,148) (3,877) 39 8,370 (27,353)
			2.776.700	2.743.729	(32.970)
		<u> </u>	23,791 2.690.812 2.714.604	21,537 2,691.696 2,713.234	2,254 (883)
			\$ 62.095	30,495	\$ (31,600)
-	43	(35.341)		<u>(35,298)</u>	
	43	(35,341)		(35,294)	
	43_	(35.341)		(4,798)	
1,320	30	(4,547)		436, 972	
(1,320)				(1.320)	
\$	\$ 73	\$ (39.889)		\$ 430.852	

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STATE OF MICHIGAN: DESCRIPTIONS OF SPECIAL REVENUE FUNDS — COMPONENT UNITS FISCAL YEAR ENDED SEPTEMBER 30, 1989

STATE BUILDING AUTHORITY

The State Building Authority was created pursuant to P.A. 183 of 1964, as amended, to issue bonds to finance the acquisition and renovation of buildings for use by the State or public institutions of higher education. Public Act 248 of 1988 also permits Authority bonding of state equipment. The five members of the Authority are appointees of the Governor.

The special revenue fund, which accounts for construction costs for higher education projects and certain equipment financing, reports bond proceeds as an "other financing source," investment revenue earned during construction as "miscellaneous revenue," and construction expenditures as grant expenditures. Operating transfers out reflect transfers to the debt service fund of proceeds dedicated for debt service, reimbursements to the State Building Authority Advance Financing Fund for expenditures incurred prior to bonding, and the transfer of assets remaining after a project's completion to the debt service fund.

MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY

Public Act 295 of 1969, as amended, authorized the creation of the Michigan Higher Education facilities Authority for the purpose of assisting private nonprofit institutions of higher education in financing their facilities. The Authority consists of an eleven member commission, nine of whom are appointed by the Governor with the advice and consent of the Senate and two of whom are ex officio (the Superintendent of Public Instruction and Director of the Department of Management and Budget). Financing for capital improvements is provided by issuance of limited obligation revenue bonds, which are not recorded as liabilities of the Authority. The footnote to the General Purpose Financial Statements entitled "General Long-Term Obligations" explains these more fully.

MICHIGAN FAMILY FARM DEVELOPMENT AUTHORITY

The Michigan Family Farm Development Authority was created by P.A. 220 of 1982 to assist beginning farmers in financing the purchase of agricultural land and equipment. Members of the Authority are appointed by the Governor. Financing for the loans to beginning farmers is provided by issuance of limited obligation revenue bonds, which are not recorded as liabilities of the Authority because of their nature. The footnote to the General Purpose Financial Statements entitled "General Long-Term: Obligations" explains these more fully. The Authority's administrative operations, which are reflected in these statements, are financed by loan application and issuance fees and subsidies from the General Fund as appropriated within the Department of Agriculture.

MACKINAC BRIDGE AUTHORITY

The Authority was created by P.A. 21 of 1950. Public Act 214 of 1952, as amended, empowered the Authority to construct and operate a bridge between the lower peninsula of Michigan and the upper peninsula. Financing for the operation and maintenance of the bridge is provided by fares and earnings on investments. State statutes require that the Authority continue charging bridge tolls and begin repaying State funds for all the subsidies provided in prior years. The Authority has not recorded a liability and the State funds have not recorded receivables for the subsidies because the reimbursements are contingent upon future net revenues and the repayment commitment is long-term and budgetary in nature.

STATE OF MICHIGAN COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS — COMPONENT UNITS SEPTEMBER 30, 1989 (In Thousands)

ASSETS	STATE BUILDING AUTHORITY	MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY	MICHIGAN FAMILY FARM DEVELOPMENT AUTHORITY
Current assets: Cash and cash equivalents Amounts due from other funds Amounts due from local units Investments Other current assets Total Current Assets	\$ 35 - 26,926 397 27,358	\$ 63 - - 4 	\$ 46 - - - - - 46
Investments Total Assets	<u> </u>	<u> </u>	<u> </u>
Current Liabilities: Accounts payable and other liabilities Amounts due to other funds Deferred revenue Total Current Liabilities	\$ 4,219 3,595 	\$ - - - - - - - - - - - - - - - - - - -	\$ <u>-</u>
Long-Term Liabilities: Deferred revenue Total Liabilities	7,815		
Fund Balances: Reserves for: Construction and debt service Total Reserved	19.543 19.543		
Total Fund Balances Total Liabilities and Fund Balances.		50	46

\$ 109 276 154 541	\$ 4,329 3,872 172 8,374	\$ 17,601 6,823 63 24,488		
541		89 24.577	·	
14.003 14.003 \$ 14.544	19.543 19.543 14.099 33.643 \$ 42.017	31.794 31.794 11.095 42.890		

TOTALS

\$

SEPTEMBER 30, 1988

> 856 107

57,148 996 59,109

8.358 67.467

SEPTEMBER 30, 1989

> 173 63

41,004 776 42,017

42.017

MACKINAC BRIDGE AUTHORITY

\$

91

14,077 374

14,544

\$

STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS — COMPONENT UNITS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

REVENUES	STATE BUILDING AUTHORITY	MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY	MICHIGAN FAMILY FARM DEVELOPMENT AUTHORITY
From servicesFrom licenses and permits	2.562	\$ 7.4 - -	\$ - - 3
Total Revenues	2.562	74	3_
EXPENDITURES			
Current: Education Conservation, recreation, and agriculture	20,207	74	- 54
Transportation Total Expenditures			54
Excess of Revenues over (under) Expenditures			(51)
OTHER FINANCING SOURCES (USES)	•		
Proceeds from bond issues Operating transfers in Operating transfers out	8,043 - (2,649)		54.
Total Other Financing Sources (Uses)	5.394		54
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(12,250)	-	3
Fund Balances — Beginning of fiscal year.	31.794	50_	42_
Fund Balances - End of fiscal year	\$ 19.543	\$ 50	\$ 46

\$ 6,199 999 7,199	\$ 74 6,199 3,566 9,839	\$ 63 8,382 3,620 12,067
-	20,282 54	71,135 18
<u>4, 198</u>	<u>4.198</u> <u>24.535</u>	5,267 76,421
3.000	(14.696)	(64.353)
	8,043 54 (2,649) 5,449	77,216 18 <u>(6.234)</u> 71.000
3,000	(9,246)	6,646
11.002	42.890	36.243
\$ 14.003	\$ 33.643	\$ 42.890

SEPTEMBER 30, 1989

TOTALS
FISCAL YEARS ENDED

SEPTEMBER 30,

MACKINAC BRIDGE AUTHORITY

STATE OF MICHIGAN DESCRIPTIONS OF DEBT SERVICE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989

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COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to P.A. 51 of 1951, as amended, to account for debt service on all State Trunkline Fund related bond issues. The bonds are not general obligations of the State but are payable solely out of funds restricted as to use for transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. Debt service requirements are funded by annual appropriations in the State Trunkline Fund.

WATER POLLUTION CONTROL BOND AND INTEREST REDEMPTION FUND

Public Act 329 of 1966 established this fund to account for the retiring of bond issues of the Water Pollution Control Bond Fund. The Legislature appropriates funds from the General Fund to meet the bond principal and interest requirements and paying agent fees.

COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to P.A. 51 of 1951, as amended, to account for debt service on all Comprehensive Transportation Fund related bond issues. The bonds are not general obligations of the State but are payable solely out of funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund. Debt service requirements are funded by annual appropriations in the Comprehensive Transportation Fund.

PUBLIC RECREATION BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to P.A. 108 of 1969 and serviced bond issues of the Public Recreation Bond Fund. Financing of debt retirement, interest expense, and paying agent fees was provided by annual legislative appropriation from the General Fund. Since the final debt service payments on the bonds were made during this fiscal year, the fund no longer exists as of September 30, 1989.

VIETNAM VETERAN ERA BONUS BOND REDEMPTION FUND

Created by P.A. 370 of 1974, the purpose of this fund is to account for the debt service of general obligation bonds which were issued to finance bonuses paid to veterans or their beneficiaries. Financing is provided by an annual appropriation in the General Fund.

SCHOOL LOAN BOND REDEMPTION FUND

Public Act 74 of 1955 established this fund to account for debt service on general obligation bonds issued to finance loans to local school districts. The School Bond Loan Fund, a special revenue fund, receives the State bond proceeds and makes the loans. Because loan repayments accrue first to this debt service fund, an operating transfer is recorded to this fund when loans are made and the receivables are recorded as debt service fund assets.

The unreserved fund balance of this fund represents amounts currently available for debt service. Because there are no specific timetables for repayment, the entire balance of loans and accrued interest receivable is classified as a long-term asset. Fund balance is fully reserved for the amount of principal receivable. Recognition of interest income is deferred because it is not available, which results in the amount recorded as long-term deferred revenue on the balance sheet. A statutory formula prescribes that loan repayments are first used to meet debt service requirements. If loan repayments exceed statutorily prescribed debt service requirements, the excess is transferred to the School Bond Loan Fund where it can be used to finance new loans. When debt service requirements exceed the amounts provided by loan repayments, the excess is funded by a transfer from the General Fund.

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STATE OF MICHIGAN DESCRIPTIONS OF DEBT SERVICE FUNDS (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989

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STATE PARK REVENUE BOND FUND

This fund was created pursuant to P.A. 149 of 1960 which initiated a State park improvement program by authorizing the Department of Natural Resources to issue up to \$10 million of revenue dedicated bonds to finance land acquisition, construction, and improvement of State parks. Public Act 286 of 1967 increased the authorized amount of such bonds to \$20 million.

Public Act 149 of 1960, as amended, also provides that park permit fees for motor vehicle entry into certain State parks be deposited with the State Treasurer who is designated as fiscal agent. Such proceeds are to be allocated in the following order of priority: debt service requirements, fiscal agent expenses, bond reserve, operations and park improvements. Operating transfers out of this fund consist mainly of amounts transferred to the State Park Improvement Fund to finance park operations and improvements as appropriated by the Legislature.

STATE BUILDING AUTHORITY

The State Building Authority was created pursuant to P.A. 183 of 1964, as amended, to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education. Public Act 248 of 1988 also permits Authority bonding of state equipment. Bond proceeds used to exercise purchase options on leased equipment of governmental funds were recorded in this fund.

Each project of the Authority is financed by specific callable bonds, the proceeds of which can only be used for construction and debt service on that project. For completed projects, the resources to finance bond interest and redemption are provided by operating transfers from the General fund and from investments and earnings of this fund. During construction, debt service requirements are financed by a portion of the bond proceeds which are dedicated for that purpose. When a project is completed, the remaining net assets are transferred to this fund where they are invested and used for debt service. Excess balances related to a particular bond series remaining in the fund after the final payment on the bond series are transferred to the General Fund.

STATE OF MICHIGAN COMBINING BALANCE SHEET DEBT SERVICE FUNDS SEPTEMBER 30, 1989 (In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND	WATER POLLUTION CONTROL BOND AND INTEREST REDEMPTION FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND
ASSETS			
Current Assets: Cash and cash equivalents Equity in Common Cash Amounts due from other funds Investments Other current assets Total Current Assets	20 1 - -	\$ - - - -	\$ - 13 - - - - 13
Amounts due from local units	<u>-</u>	-	<u>-</u>
Total Assets	\$ 21	<u>\$0_</u>	<u>\$ 13</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities: Amounts due to other funds Total Current Liabilities		<u> -</u>	<u>\$</u>
Long Term Liabilities: Deferred revenue		=	
Total Liabilities			
Fund Balances: Reserves for: Budgetary carry-forwards: Restricted revenues Noncurrent assets Total Reserved		<u>-</u>	
Unreserved	21_	= _	13.
Total Fund Balances	21		13
Total Liabilities and Fund Balances.	\$ 21	<u> </u>	\$ 13°

VIETNAM VETERAN ERA BONUS SCHOOL LOAN				TOTALS		
BOND REDEMPTION FUND	BOND REDEMPTION FUND	STATE PARK REVENUE BOND FUND	STATE BUILDING AUTHORITY	SEPTEMBER 30, 1989	SEPTEMBER 30, 1988	
\$ - - - - - - - - - - - - - -	\$ - 5,444 123,462 - \$ 128,907	\$ - 2 1,413 24 1,440 - 1,504 109 \$ 3,054	\$ 2,027 7,733 128,507 5,021 143,290 70,673 	\$ 2,027 5,477 7,737 129,920 5,045 150,210 123,462 72,177 109 \$ 345,960	\$ 1,396 3,973 2,009 147,710 4,096 159,186 121,134 70,357	
<u> </u>	<u> </u>	\$ 7	\$ <u>177</u> 177	\$ <u>185</u> 185	\$	
	49.028 49.028			<u>49.028</u> <u>49.213</u>	46.693 46.693	
<u>-</u>	74,434 74,434 5,444	247 247 2,799		247 <u>74.434</u> 74.681 <u>222.064</u>	393 74,440 74,833 229,150	
-0- \$ -0-	79.878 \$ 128.907	3.047 \$ 3.054	213.785 \$ 213.963	296,746 \$ 345,960	303.983 \$ 350.677	

STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES DEBT SERVICE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

REVENUES	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND	WATER POLLUTION CONTROL BOND AND INTEREST REDEMPTION FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND	PUBLIC RECREATION BOND AND INTEREST REDEMPTION FUND
From licenses and permits Miscellaneous Total Revenues	<u>3</u>	\$ <u>-</u>	\$ - 4 4	\$ - -
EXPENDITURES				
Current: General government Debt Service: Bond principal retirement Bond interest and fiscal charges Capital lease payments	10,260 13,423	13,000 5,283	6,115 14,797	1,000 24
Total Expenditures	23.683	18.283	20.912	1.024
Excess of Revenues over (under) Expenditures	(23,679)	(18.283)	(20.908)	(1.024)
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issues	23,683	18,283	20,818	1,024
Total Other Financing Sources (Uses)	23,683	18.283	20.818	1.024
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	. 3		(89)	-
Fund Balances - Beginning of fiscal year - as previously reported	18	-0-	102	-0-
Effect of accounting change	<u> </u>			
Fund Ba'ances — Beginning of fiscal year — restated	18_		102_	
Fund Balances — End of fiscal year	\$ 21	\$0_	<u>\$ 13</u>	<u>\$0_</u>

VIETNAM VETERAN ERA BONUS BOND REDEMPTION FUND		SCHOOL LOAN BOND REDEMPTION FUND		STATE PARK REVENUE BOND FUND				TOTALS FISCAL YEARS ENDED			
						CTATE					
						STATE BUILDING <u>AUTHORITY</u>		SEPTEMBER 30, 1989		SEPTEMBER 30, 1988	
\$	<u>-</u>	\$ 6.	568 568	\$ 	5,397 201 5,598	\$	17.661 17.661	\$	5,397 24,439 29,837	\$ 	5,900 21,019 26,919
	-		-		-		257		257		158
5,00 44			500 890		965 479 ————		91,028 58,287 10,532		134,868 93,631 10.532		78,889 92,527
5.44	4	8.	390_		1.444		160.105		239.289		171.575
(5.44	14)	(1,)	822)		4] 154		(142.443)		(209.451)		(144.655)
	_		-		 		10,532		10,532		104,376
5,44	- 14	3,	307		- - (4,469)		123,590		196,152 (4,469)		(104,174) 176,497 (4,607)
5.44	<u>-</u> 14_	3.	307_		(4.469)		134.122		202.215		172.092
		1,	484		(315)		(8,320)		(7,236)		27,436
-	-0	78,	393		3,362		222,106		303,983	•	201,207
	<u>-</u>						 -				75.339
	-0-	78.	<u>393</u>		3.362		222.106		303.983		276.547
<u>s</u>	-0-	\$ 79.	878.	<u>\$</u>	3.047	\$	213.785	\$	296.746	<u>\$</u>	303.983

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STATE OF MICHIGAN DESCRIPTIONS OF CAPITAL PROJECTS FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989

PUBLIC RECREATION BOND FUND

This fund was established by P.A. 108 of 1969 to account for the proceeds of \$100.0 million general obligation public recreation bonds approved by the people in November, 1968. This approval was pursuant to Section 15, Article IX, of the 1963 Constitution and P.A. 257 of 1968. Public Act 108 of 1969 also allocated \$30.0 million for grants to local units for local community recreational projects and the balance of \$70.0 million to the Department of Natural Resources to fund the State's recreation program.

An equity transfer was recorded at year—end to close—out the remaining balances in the fund to the General Fund.

RECREATION BOND FUND - STATE PROJECTS

This fund was established by P.A. 327 of 1988 to account for the proceeds of \$70.0 million of general obligation bonds approved by the people in November, 1988 as part of a \$140.0 million bond package for financing state and local public recreation projects. This approval was obtained under the general authority of Section 15, Article IX, of the 1963 State Constitution. Public Act 329 of 1988 specifies that the proceeds of these bonds will be used to construct, expand, and develop recreational facilities at state parks. An initial bond sale of \$8.5 million was made for these purposes in November 1989. This fund is administered by the Department of Natural Resources.

STATE BUILDING AUTHORITY

The State Building Authority was created pursuant to P.A. 183 of 1964, as amended, to issue bonds to finance the acquisition of buildings for use by the State or public institutions of higher education. Public Act 248 of 1988 also permits Authority bonding of State equipment. The five members of the Authority are appointees of the Governor.

This capital projects fund, which accounts for the construction of State projects, reports bond proceeds as an "Other financing source," investment revenue during construction as "miscellaneous revenue," and construction expenditures as "Capital outlay." Operating transfers out reflect transfers to the debt service fund of proceeds dedicated for debt service during construction, reimbursements to the State Building Authority Advance Financing Fund for expenditures incurred prior to bonding, and the transfer of net assets remaining after the completion of a project to the debt service fund. In the State's General Fixed Assets Account Group, accumulated expenditures for incomplete State projects are reflected as "Construction in progress" and completed State projects are recorded as "Buildings."

STATE BUILDING AUTHORITY ADVANCE FINANCING FUND

his fund was administratively projects prior to the issuance of succeeding projects are recorded in this fund or other sources related projects are recorded in this fund.

The State Building Authority in its statements does not recognize liabilities for these projects until bonds are issued; therefore, no receivable from the Authority is recognized in this fund prior to bond issuance. This results in the fund showing a year-end fund balance deficit. When the Authority issues its bonds and reimburses the State, the Authority will reimburse this fund by recording an operating transfer. The fund will then reimburse the General Fund and the deficit attributable to the bonded projects will be eliminated.

STATE OF MICHIGAN COMBINING BALANCE SHEET CAPITAL PROJECTS FUNDS SEPTEMBER 30, 1989 (In Thousands)

	RECREATION BOND FUND- STATE PROJECTS	STATE BUILDING AUTHORITY ADVANCE FINANCING FUND	
ASSETS			
Current Assets: Cash and cash equivalents Equity in Common Cash Amounts due from other funds Investments Other current assets Total Current Assets Total Assets LIABILITIES AND FUND BALANCES		\$ - 8,806 - 8,806 \$ 8,806	
Current Liabilities: Accounts payable and other liabilities Amounts due to other funds Total Current Liabilities Total Liabilities	117	\$ 11,175 97,193 108,368	
Fund Balances: Reserves for: Budgetary carry-forwards: Multi-year projects Construction and debt service Total Reserved			
Total Fund Balances	(117)	(99,562)	
Total Liabilities and Fund Balances		\$ 8.806	

STATE BUILDING AUTHORITY		TOTALS				
			MBER 30, 989	SEPTEMBER 30, 1988		
	15 - 46,831 385 47,232 47,232	\$ \$	8.806 46,831 385 56.038	\$ 	397 103 79 60,608 45 61,234	
	20,278 10,341 30,620 30,620		31,454 07,652 39,107	\$	21,589 62,210 83,799 83,799	
	16.612 16.612 -		16.612 16.612 199.680) 83.068)		100 39,995 40,096 (62,660)	
\$	47.232	\$	56.038	\$	61,234	

STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	PUBLIC RECREATION BOND FUND	RECREATION BOND FUND— STATE PROJECTS	STATE BUILDING AUTHORITY ADVANCE FINANCING FUND
REVENUES			
From federal agencies	\$ _	\$ <u>-</u>	\$ <u>-</u>
Total Revenues	-	·	
EXPENDITURES			
Current: Conservation, recreation, and agriculture Capital outlay	-	<u> </u>	132 .773
Total Expenditures			132.773
Excess of Revenues over (under) Expenditures			(132.773)
Proceeds from bond issues	_	(117)	95,905 (31)
Total Other Financing Sources (Uses)		(117)	95.874
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	(117)	(36,899)
Fund Balances - Beginning of fiscal year Equity transfers to other funds	103	-0-	(62,663)
Fund Balances - End of fiscal year	<u>s -0-</u>	\$ (117)	\$ (99.562)

	TOTALS				
STATE	FISCAL YEARS ENDED				
BUILDING AUTHORITY	SEPTEMBER 30, 1989	SEPTEMBER 30 1988			
\$ (4.500	\$ <u>-</u> 4.500	\$ 5 1.333			
4.500	4.500	1.339			
_	_	24.			
56.021	188.795	90,496			
56,021	188.795	90.520			
(51,521)	(184,294)	(89.181)			
156,970	156,970 95,90 5	82,402			
(128.832)	(128.981)	(21.757)			
28.137	123,894	60.645_			
(23,383)	(60,400)	(28,536)			
39,995	(22,564) (103)	5,971			
\$ 16.612	\$ (83.068)	\$ (22,564)			

STATE OF MICHIGAN COMBINING BALANCE SHEET ENTERPRISE FUNDS BY CLASSIFICATION SEPTEMBER 30, 1989 (In Thousands)

				TOTALS		
	STATE FUNDS	COMPONENT UNITS	SEPTEMBER 30, 1989	SEPTEMBER 30, 1988 _(RESTATED)*		
ASSETS	··					
Current Assets: Cash and cash equivalents Equity in Common Cash Amounts due from other funds Amounts due from federal agencies Inventories Investments Other current assets Total Current Assets	\$ 6,176 109,796 1,420 36,567 46,830 28,595 229,567	\$ 10,538 419 9,452 137 995,193 74,746 1,090,486	\$ 16,714 109,796 1,840 9,452 36,704 1,042,024 103,341 1,319,874	\$ 10,410 84,500 1,488 8,291 53,478 468,872 94,775 721,817		
Advances to other funds	4,256 413,405 26,800	2,928,015 589,740 3,235 16,727	4,256 2,928,015 1,003,146 30,036 16.727	2,884,111 1,064,449 30,212 7,778		
Total Assets	\$ 673.851	\$ 4.628.206	\$ 5.302.057	\$ 4.708.369		
LIABILITIES AND FUND EQUITY						
Current Liabilities: Liability to Common Cash	\$	\$ - 31,640 2,545 118,028 83,796 14,021 250,032	\$ - 2,989 163,085 2,756 118,028 83,796 17,854 388,511	\$ 3,557 1,422 151,624 3,029 111,216 84,131 24,765 379,748		
Long-Term Liabilities: Advances from other funds	4,256 465,146 333 - 9,456	3,595,065 (43,053) 450,630	4,256 465,146 333 3,595,065 (43,053) 460,086	389,324 518 3,434,603 (46,809) 169,953		
Fund Equity: Contributed Capital: From other funds From other governmental units Total Contributed Capital	4,259	1,500 16 1.516	5,759 16 5,775	3,870 16 3,886		
Retained Earnings: Reserved Unreserved Total Retained Earnings	51.918 51.918	201,712 172,302 374,014	201,712 224,220 425,933	199,428N 177,714S 377,142S		
Total Fund Equity	56.177_	375,531	431.708	381.029		
Total Liabilities and Fund Equity	\$ 673.851	\$ 4.628.206	\$ 5.302.057	\$ 4.708.369		

^{*}The prior year column was restated to reflect the change in fund classification for the Michigan Education Trust. The column was also restated to reflect the change in accounting for Michigan State Hospital Finance Authority defeased bonds.

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STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS ENTERPRISE FUNDS BY CLASSIFICATION

FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	•			ALS
			FISCAL Y	EARS ENDED
	STATE FUNDS	COMPONENT UNITS	SEPTEMBER 30,	SEPTEMBER 30, 1988 (RESTATED)*
OPERATING REVENUES: Operating revenues Interest income Investment revenue (net)		\$ 21,205 281,402 74,438 39,499	\$ 1,622,915 286,430 112,037 39,499	\$ 1,654,431 270,955 93,278 41,739
Total Operating Revenues	1.644.336	416.546	2.060.883	2.060.405
OPERATING EXPENSES: Salaries, wages, and other administrative Interest expense Depreciation	3,443 328,671 558,098	34,683 289,507 171 141 	209,300 289,507 3,615 328,812 558,098 82,853	203,410 294,755 6,743 326,048 587,091 82,962
Total Operating Expenses		371.497	1,472,188	1.501.012
Operating Income (Loss)	543.645	45.048	588.694	559.393
MONOPERATING REVENUES (EXPENSES): Specific tax on spirits	131 98 (728) (2,692)	28,667 136 1,398 (38,689) (35)	7,228 28,667 268 1,496 (38,689) (764) (2,692)	7,180 25,409 114 95 (36,884) (576) (1,208)
Total Nonoperating Revenues (Expenses)	3.612	(16,058)	(12,446)	(22.824)
Income (Loss) Before Operating Transfers	547.258 ^y	28.990	576.248	536.569
OPERATING TRANSFERS: Operating transfers in	1,330 (552,453)	23,665	24,995 (552,453)	26,268 (553,851)
Total Operating Transfers In (Out)	(551.123)	23.665	(527,458)	(527.582)
Net Income (Loss)	(3.865)	52,655	48.790	<u>8.986</u>
Retained Earnings - Beginning of fiscal year - as previously reported Effect of accounting change	55,783	322,302 (943)	378,086 (943)	371,187 (3.030)
year - restated	55.783	<u>321.359</u>	377.142	368.156
Retained Earnings - End of fiscal year	\$ 51.918	\$ 374.014	<u>\$ 425.933</u>	\$ 377,142

^{*}The prior year column was restated to reflect the change in fund classification for the Michigan Education Trust. The column was also restated to reflect the change in accounting for Michigan State Hospital Finance Authority defeased bonds.

STATE OF MICHIGAN COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION ENTERPRISE FUNDS BY CLASSIFICATION

FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	tii iiiuusaiius)		TOTALS		
			FISCAL	YEARS ENDED	
	STATE FUNDS	COMPONENT UNITS	SEPTEMBER 30,	SEPTEMBER 30, 1988 _(RESTATED)*	
SOURCES OF FUNDS: From operations:				131 25 (
Net income (loss)	\$ (3,865)	\$ 52,655	\$ 48,790	\$ 8,986	
Depreciation	3,443 366 82,028 (1,559) 232	171 408 1,893 23,060	3,615 775 82,028 1,893 21,500	6,743 (174) 110,291 5,628 17,583	
Working Capital Provided (Used) from Operations	80,645	78,188	158,834	149,062	
From other sources: Proceeds from bonds and notes sold Principal repayments on loans Increase in long-term deferred revenues Decrease in noncurrent investments (net) Increase in long-term lease obligations Increase in advances and other	- - 44,703 85	595,078 415,707 	595,078 415,707 233,838 85	161,285 172,080 114 61,557 (182)	
long—term liabilities	4,503 1,888	289,026	293,529 1.888	24,944 855	
Total Sources (Uses) of Funds	\$ 131,827	\$ 1,567,134	\$ 1.698,961	\$ 569,716	
APPLICATION OF FUNDS: Increases in advances to other funds	88,861 - 38,413 - 3,285 184 - (3,173)	\$ 49,907 458,433 456,392 9,546 387	\$ 4,256 138,768 458,433 456,392 38,413 9,546 3,672 184 	\$ - 128,764 184,173 218,597 31,699 3,743 1,991 76 24 3,522 (2,876)	
Total Application of Funds	\$ 131.827	\$ 1.567.134	\$ 1,698,961	\$ 569.716	
ELEMENTS OF NET INCREASE (DECREASE) IN MORKING CAPITAL: Cash and cash equivalents Equity in/Liability to Common Cash Amounts due from other funds Amounts due from federal agencies Inventories	28,854 74 (16,761)	\$ 6,448 277 1,160 (12)	\$ 6,304 28,854 352 1,160 (16,773)	\$ ((1,874)) 11,548 201 1,843 16	
Investments Other current assets	5,146 9,814 (1,567) (29,837) (85)	568,005 (1,248) - 18,376 359 (6,812) 334 5,577	573,151 8,565 (1,567) (11,461) 273 (6,812) 334 6,911	2,099 (13,158) 4,521 (37,654) (2,256) 37,120 518 (5,803)	
Net Increase (Decrease) in Working Capital	\$ (3,173)	\$ 592,466	589.29 3	\$ (2.876)	

^{*}The prior year column was restated to reflect the change in fund classification for the Michigan Education of Trust. The column was also restated to reflect the change in accounting for Michigan State Hospital Finance Authority defleased bonds.

STATE OF MICHIGAN DESCRIPTIONS OF ENTERPRISE FUNDS STATE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989

LIQUOR PURCHASE REVOLVING FUND

The Liquor Purchase Revolving Fund was authorized by P.A. 259 of 1941. The Department of Commerce, Liquor Control Commission is primarily responsible for the fund. Under State monopoly, liquor is sold at retail or wholesale at State liquor stores and through specially designated distributors. The fund accounts for the sales of and the replenishing and transportation of the liquor stock of the various State liquor stores. Administrative, warehousing, and merchandising costs are appropriated in the fund. At the end of each fiscal year, the "net income" of the fund is transferred to the General Fund in accordance with P.A. 431 of 1984. Operating transfers out also includes \$4 million in transfers to the Michigan State Housing Development Authority in accordance with P.A. 305 of 1988.

The advance to other funds on the balance sheet is receivable from other enterprise funds. It was recorded in an amount equal to the other funds' end of year negative balances in the State's common cash pool.

STATE LOTTERY FUND

Public Act 239 of 1972 established the State Lottery Fund and created a Bureau of State Lottery under authority of Section 4 of Article V of the State Constitution. This authority expired on August 1, 1974, at which time the Bureau became an organizational entity in the Department of Management and Budget. Public Act 239 of 1972 requires that, as nearly as practicable, 45% of gross ticket sales be allocated for prize awards. Net income of the fund related to lottery operations is transferred to the School Aid Fund and net income related to bingo and charity games regulation is transferred to the General Fund.

Revenues and related expenses are recognized in the period during which the related drawings are held. Deferred prize awards are recorded as expenses and liabilities at their discounted present value. The State Treasurer invests funds equivalent to the discounted value of the installment payments and the Lottery Fund is credited with the interest earnings.

LOW-LEVEL RADIOACTIVE WASTE AUTHORITY

The Low-Level Radioactive Waste Authority was established by P.A. 204 of 1987 to provide a regional low-level radioactive waste disposal facility, located in Michigan, to serve the needs of seven midwestern states. Currently in developmental stage, the program is being financed by a loan from the seven-state compact, as well as grants from the State. The loan is to be repaid from operating revenues at such time as the facility becomes operational.

The Authority is a legally autonomous agency within the Department of Management and Budget. It is statutorially authorized to issue revenue bonds payable solely from the operation of a facility; however, at this point there are no definite plans to do so. The Authority has issued its own separately audited financial statements following the accounting principles which apply to development state enterprises. The retained earnings deficit reflects losses sustained in the development stage, with recovery of these to occur from future operating revenues.

MICHIGAN STATE FAIR REVOLVING FUND

This fund was created by P.A. 224 of 1962, as amended. It is under the jurisdiction of the Department of Natural Resources, which is responsible for the management of the Michigan State Fair and fairgrounds in Detroit. Fund revenues are derived from the operation of the annual State Fair and other exhibits or events, leases, rentals or other charges for use of the buildings and grounds scheduled during the year. Administrative costs are appropriated in the fund. The net income of the fund is transferred to the General Fund as required by P.A. 431 of 1984. The advance from other funds on the balance sheet is payable to the Liquor Purchase Revolving Fund. It was recorded in an amount equal to this fund's end of year negative balance in the State's common cash pool.

DEPARTMENT OF NATURAL RESOURCES MAGAZINE FUND

Public Act 107 of 1979 provided for creation of a fund to account for the revenues and costs incurred in the publication of the department's magazine, publications, and related materials. Direct administrative costs are appropriated and recorded in the fund. Operating transfers out are made to the General Fund to reimburse overhead costs which the General Fund incurs on behalf of this fund. The advance from other funds on the balance sheet is payable to the Liquor Purchase Revolving Fund. It was recorded in an amount equal to this fund's end of year negative balance in the State's common cash pool.

STATE OF MICHIGAN COMBINING BALANCE SHEET ENTERPRISE FUNDS STATE FUNDS SEPTEMBER 30, 1989 (In Thousands)

	LIQUOR PURCHASE REVOLVING FUND	STATE LOTTERY FUND	LOW-LEVEL RADIOACTIVE WASTE _AUTHORITY
ASSETS	•		
Current Assets: Cash and cash equivalents Equity in Common Cash Amounts due from other funds Inventories Investments Other current assets	50,433 36,004 738	\$ 4,000 59,363 1,404 174 46,830 27,564	\$ - 15 - -
Advances to other funds	89,115 4,256	413,405	15
Land	98 13,788 (7,569) - 6.317	3,349 (1,885) ———————————————————————————————————	137 (27) ————————————————————————————————————
Total Assets	\$ 99,689	\$ 554,207	\$ 126
LIABILITIES AND FUND EQUITY			
Current Liabilities: Liability to Common Cash	\$ 1,102 52,829 58 4 53,993	\$ - 1,612 77,261 20 3,103 81,998	\$ -9 337 2
Long—Term Liabilities: Advances from other funds Prize awards payable Deferred revenue Other long—term liabilities	4.520	465,146 1,246	
Total Liabilities	58.514	548.392	3.753
Fund Equity: Contributed capital — from other funds			
Retained earnings — unreserved	41.175	<u> </u>	(3.627)
Total Fund Equity	41.175	5.815	(3,627)
Total Liabilities and Fund Equity	\$ 99.689	\$ 554.207	\$ 126

MICHIGAN		DEPARTMENT OF NATURAL		TOTALS		
STATE FAI REVOLVING FUND		SOURCES NAGAZINE FUND	SEF	TEMBER 30, 1989	SEPTEMBER 30,	
\$ 22	24 \$ - -	11 - - 388	\$	6,176 109,796 1,420 36,567	\$ 6,320 84,500 1,345 53,329	
12 35		165 566		46,830 28,595 229,387	41,684 ————————————————————————————————————	
	-	=		4,256 413,405	335,481	
9,47 18,69 (9,33 7 18,90	91: 38)	125 (125)		9,577 36,091 (18,944) 	7,895 52,389 (33,111) ——————————————————————————————————	
\$ 19.26	<u>\$1</u>	566	\$	673,851	\$ 568.635	
	06 20 39	- 3 110 9 635 758	\$ 	2,989 131,445 210 3,833 138,479	\$ 3,557 1,422 101,607 125 5,167 111,880	
	91: -76 92	465 - 257 - 93		4,256 465,146 333 9,456	389,324 518 8.757	
5.43	39	1,574		617.673	510.481	
9,56		(1.008)		4.25 9 51.918	2.370 55.783	
13.82 \$ 19.26		(1.008)		56.177 673.851	<u>58.154</u> \$ 568.635	

STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS ENTERPRISE FUNDS STATE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

OPERATING REVENUES: Operating revenues		\$TATE LOTTERY FUND \$ 1,178,104 5,027 37,599 1,220,731	LOW-LEVEL RADIOACTIVE WASTE AUTHORITY \$ -
OPERATING EXPENSES:			
Salaries, wages, and other administrative	28,964	139,864	-
Depreciation	901	1,939	18
Purchases for resale	327,874	558,098	-
Lottery prize awards	-	330,030	-
Amortization of prize award obligation discount		35.861	
Total other operating expenses		35.861	
Total Operating Expenses	357.740	735,764	18
Operating Income (Loss)	60,695	484,967	(18)
NONOPERATING REVENUES (EXPENSES):			
Specific tax on spirits	7,228	-	_
Interest revenue	-	-	131
Other nonoperating revenues	98 (294)	-	-
Interest expense		-	(2,692)
Other nonoperating expenses			
Total Nonoperating Revenues (Expenses)	6.662		(2.560)
Income (Loss) Before Operating Transfers	67.357	484,967	(2,578)
OPERATING TRANSFERS: Operating transfers in Operating transfers out:		2	140
To School Aid Fund	467.065	(483,961)	(56)
To other funds	(67, 365)	(1,008) (484,969)	(56)
total operating transfers out	(07.305)	1404.3037	
Total Operating Transfers In (Out)	(67.357)	(484.967)	84_
Net Income (Loss)			(2.494)
Retained Earnings — Beginning of fiscal year — as previously reported	41,175	5,815	(1,132)
Retained Earnings - Beginning of fiscal year - restated			(1.132)
Retained Earnings — End of fiscal year	\$ 41.175	\$ 5.815	\$ (3.627)

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MICHIGAN	DEPARTMENT OF NATURAL	FISCAL YEARS ENDED	
STATE FAIR REVOLVING FUND	RESOURCES MAGAZINE FUND	SEPTEMBER 30, 1989	SEPTEMBER 30.
\$ 3,614	\$ 1,553	\$ 1,601,709 5,027 37.599	\$ 1,634,679 3,631 28.521
3.614	1.553	1.644.336	1.666.833
4,846 584		174,616 3,443	173,257 6,578
-	796	328,671 558,098	325,898 587,091
	<u> </u>	35.861 35.861	27.887 27.887
5.430	1.737	1.100.690	1.120.713
(1.815	(183)	543.645	546.119
-	<u> </u>	7,228 131	7,180 -
(411	(22)	98 (728)	(538)
(55	<u> </u>	(2,692) (426)	(1,208): (1,138):
(467	(22)	3.612	4.294
(2,282	(206)	547,258	550.414
1,179	-	1,330	771
(46		(483,961) (68,491) (552,453)	(488,436) (65,415) (553,851)
1.133	(15)	(551.123)	(553.080)
(1), 1/49	(221)	(3.865)	(2.666)
10,711	(787):	55,783	59,964 (1,514)
10.711	(787)	55.783	58.449
\$ 9.562	\$ (1,008)	\$ 51.918	\$ 55.783

TOTALS

STATE OF MICHIGAN COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION ENTERPRISE FUNDS STATE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

SOURCES OF FUNOS:	LIQUOR PURCHASE REVOLVING FUND	RČHASE STATE RADIOAC VOLVING LOTTERY WAST	
From operations:	••		
Net income (loss)	_0_	-0-	\$ (2.494)
Items not requiring (providing)	•	•	V (=1, 15 1)
working capital:			
Depreciation	901	1,939	18
Compensated absences - long-term	301	1,333	10
portion	29	244	21
Change in long-term prize awards	23	82.028	4 1
	_		•
Amortization of deferred items (net).	_	(1,559)	-
Loss (gain) on disposal of fixed		170	
assets	5	170_	
Working Capital Provided (Used)	40.5	22 222	40.404
from Operations	936	82,823	(2,454)
From other sources:			
Increase in long-term deferred revenues	-	<u>-</u>	-
Decrease in noncurrent investments (net).	-	44,703	-
Increase in long-term lease obligations	85 °	_	_
Increase in advances and			
other long-term liabilities	_	-	246
Contributed capital additions	-	-	_
Total Sources (Uses) of Funds	\$ 1.021	<u>\$ 127.527</u>	\$ (2,208)
APPLICATION OF FUNDS:			
,	e 4 256	•	¢
Increases in advances to other funds	\$ 4,256	\$ -	\$ -
Increase in noncurrent investments (net)	-	88,861	-
Decrease in long-term prize awards payable.	444	38,413	-
Additions to fixed assets	444	819	78
Decrease in long-term deferred revenues	-	-	-
Reduction in long-term lease obligations	-		-
Net increase (decrease) in working capital.	(3.679)	(565)	(2,286)
••			
Total Application of Funds	\$ 1.021	<u>\$ 127.527</u>	<u>\$ (2.208)</u>
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:			
Cash and cash equivalents	\$ (366)	\$ -	\$ -
Equity in/Liability to Common Cash	33,983	(6,722)	(1,964)
Amounts due from other funds	(300)	382	(7)
Inventories	(16,696)	35	-
Investments	(.0,050,	5,146	_
Other current assets	452	9,360	_
Warnants outstanding	(637)	(1,002)	(9)
Accounts payable and other liabilities	(20,106)	(9,007)	(302)
Amounts due to other funds	(20,100)	(3,007)	• •
Deferred revenue	22	1,256	(2)
Detetted teveling		1,400	
Net Increase (Decrease) in Working			
Capital	¢ (3.679)	\$ (565)	\$ (2.286)
Capitoateerieereereereereere	<u> </u>	<u> </u>	* 1,5 ° COO!

				TOTALS			
	ICHIGAN ATE FAIR	0F	ARTMENT NATURAL DURCES	FISCAL YEARS ENDED			ENDED
RE	VOLVING FUND	MA	GAZINE FUND	SEF	TEMBER 30, 1989	SEP	TEMBER 30, 1988
\$	(1,149)	\$	(221)	\$	(3,865)	\$	(2,666)
	584		-	• •	3,443		6,578
	65 - -		5 - -		366 82,028 (1,559)		(226) 110,291 (604)
	55			_	232		2
	(443)		(216)		80,645		113,375
	- - -		- -		44,703 85		114 42,184 (182)
	3,791 1.888	·	465 		4,503 1.888		3,080 855
<u>\$</u>	5,237	\$	249	\$	131.827	<u>\$</u>	159,427
\$	1,943 38 3,255	\$	- - - 146 - 102	\$	4,256 88,861 38,413 3,285 184 (3,173)	\$	104,462 31,699 1,939 76 24 21,225
<u>\$</u>	5.237	<u></u>	249	<u>\$</u>	131.827	\$	159.427
\$	210 3,372 - - (8) 66 (353) (30)	\$	11. 185 — (100) — 9 15 (68) (6) 56	\$	(144) 28,854 74 (16,761) 5,146 9,814 (1,567) (29,837) (85) 1,334	\$	133 11,548 646 14. 14,282 10,288 4,521 (18,299) 44 (1,953)
<u>s_</u>	3,255	<u>s</u>	102	<u>\$</u>	(3.173)	\$	21.225

STATE OF MICHIGAN DESCRIPTIONS OF ENTERPRISE FUNDS COMPONENT UNITS FISCAL YEAR ENDED SEPTEMBER 30, 1989

MICHIGAN STATE HOSPITAL FINANCE AUTHORITY

The Authority was organized under P.A. 38 of 1969, as amended, to lend money to nonprofit, nonpublic hospitals for capital improvements or debt refinancing. The Act also empowers the Authority to sell bonds and to enter into loan and other agreements to obtain the necessary funds for such loans. The Authority is comprised of seven members including a chairperson and four public members appointed by the Governor with the advice and consent of the Senate, and two members ex officio (the State Treasurer and the Director of the Department of Public Health). The Authority has a June 30 fiscal year—end. As explained more fully in the notes to the general purpose financial statements, there was an accounting change made this year with respect to how defeased bonds are reported.

MICHIGAN EDUCATION TRUST

The Michigan Education Trust (MET) operates a tuition guarantee program. A purchaser enters into a contract with MET which provides that in return for a specified actuarially determined payment, MET will guarantee a Michigan child's undergraduate tuition at any Michigan public college or university. The amount which the purchaser is required to pay is based on several factors. Among these are today's tuition costs, the child's age and grade in school, anticipated investment earnings, and tuition rate increases.

The creation of MET as an entity within the Michigan Department of Treasury was authorized by P.A. 316 of 1986. The MET is governed by a nine-member board that consists of the State Treasurer and eight other individuals appointed by the Governor with the advice and consent of the Senate. Although MET is administratively located within the Michigan Department of Treasury, the act provides its assets are not to be considered assets of the State and are not to be loaned on otherwise transferred or used by the State for any purpose other than the purposes specified in the act. The act and contracts also specifically provide that the State is not liable if the MET becomes actuarially unsound. In that event, the contracts provide for refunds to participants.

As explained in the notes to the general purpose financial statements, in the prior fiscal year the MET was reported in the expendable trust fund group.

MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY

Public Act 222 of 1975, as amended, authorized the establishment of the Michigan Higher Education Student Loan Authority within the Department of Education, for the purpose of making loans to qualified students (or their parents) attending participating institutions of higher education. Under a guarantee agreement entered into with the Michigan Higher Education Assistance Authority, loans are guaranteed as to 100% of principal and interest. The Authority may issue revenue-dedicated debt in the principal amounts necessary to provide funds for achieving its purpose. The Authority is governed by the sixteen members of the Michigan Higher Education Assistance Authority who are appointed by the Governor with the consent of the Senate. The Superintendent of Public Instruction, an ex officionember, serves as chairman.

MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY

The Michigan Higher Education Assistance Authority was created by the Legislature through P.A. 77 of 1960, as amended. It is governed by a sixteen member board, each member being appointed by the Governor with the advice and consent of the Senate. The Authority is empowered to guarantee 100% of principal and interest on loans to persons attending eligible post-secondary educational institutions in Michigan. The federal government reimburses the Authority for losses on purchased loans at varying percentages depending upon rates of defaults. Revenues consist of recovery of loan losses, federal reimbursement, loan guarantee fees, and investment income.

STATE OF MICHIGAN DESCRIPTIONS OF ENTERPRISE FUNDS (Continued) COMPONENT UNITS FISCAL YEAR ENDED SEPTEMBER 30, 1989

MACKINAC ISLAND STATE PARK COMMISSION

The Mackinac Island State Park Commission was established by P.A. 355 of 1927. It consists of seven members who are appointed by the Governor with the advice and consent of the Senate. The Commission is responsible for the management of the Mackinac Island and Michilimackinac State Parks and has the authority to issue revenue-dedicated bonds. Operating transfers to the Commission are principally from the General Fund for park operations.

MICHIGAN STRATEGIC FUND

The Michigan Strategic Fund (MSF) was created by P.A. 270 of 1984 to help diversify the economy of the State and provide for economic development, primarily by assisting business enterprises to obtain additional sources of financing. The Capital Access and BIDCO investment programs help companies that have financing needs which cannot be satisfied by conventional bank lending. The Seed Capital program provides the early capital needed for business development before a company is ready for traditional venture capital, while the minority BIDCO program emphasizes investment in minority businesses.

The MSF is governed by a board of nine members, consisting of the Directors of the State Departments of Commerce and Treasury plus seven members appointed by the Governor with the advice and consent of the Senate. Administratively, the MSF is within the Department of Commerce. The MSF succeeded to the rights, properties, obligations and duties of the Michigan Job Development Authority and Michigan Economic Development Authority. Effective October 1, 1985, the fund balances/retained earnings of these authorities were transferred to the MSF.

The MSF is authorized to issue various types of limited obligation debt. The MSF also receives oil and gas related revenues through the Michigan Natural Resources Trust Fund (a special revenue fund).

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

The Michigan State Housing Development Authority was created by P.A. 346 of 1966, as amended, to issue notes and bonds to finance housing for sale or rental to families with low and moderate incomes and to finance home improvements. Members of the Authority are appointed by the Governor. The Authority has a June 30 fiscal year-end.

STATE OF MICHIGAN COMBINING BALANCE SHEET ENTERPRISE FUNDS COMPONENT UNITS SEPTEMBER 30, 1989 (In Thousands)

ASSETS Current Assets:	MICHIGAN STATE HOSPITAL FINANCE AUTHORITY	MICHIGAN EDUCATION TRUST	MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY	MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY
Cash and cash equivalents	\$ 3,400	e 260	e = 077	♠.
Amounts due from other funds		\$ 260	\$ 5,977 - 663	\$ <u>-</u> 8.789
Inventories	_		-	-
Investments	189,641	286,856	28,927	38,133
Mortgages and loans receivable	29,566	-	-	-
Interest receivable	5,624		1,870	566
Miscellaneous	35 100	50_	49	1.324
Total other current assets	35.190 228.231	<u>50</u> 287.182	1.920	1.891
TOCAL CULLEUC W22GC2			<u>37.489</u>	<u>48.813</u>
Mortgages and loans receivable	1,164,801 163,781	-	122,872 43,531	820 -
Property, plant, and equipment:		*		
LandBuildings and equipment	-	-	-	-
Allowance for depreciation	-	-	-	-
Construction in progress	-	-	-	-
Total property, plant, and equipment				
Other noncurrent assets	_	101	3.021	_
Total Assets	\$ 1.556.813	\$ 287.283	\$ 206.914	\$ 49,633
LIABILITIES AND FUND EQUITY				
Current Liabilities:				
Accounts payable and other liabilities	\$ 9,928	\$ 8,430	\$ 61	\$ 5,379
Amounts due to other funds	-	700	61	322
Bonds and notes payable	29,566	-	2,600	-
Interest payable Deferred revenue	32,575	-	3,503	10 400
Total Current Liabilities	72.069	9,130	6,226	12.400
Intal Callette Classificies		<u> </u>	0.220	18.101_
Long-Term Liabilities:				
Bonds and notes payable	1.502.569	-	146,645	_
Unamortized premium (discount)	(25, 192)		-	_
Other long-term liabilities:				
Tuition_benefits	-	264,766	-	-
Escrow funds	-	-		-
Miscellaneous		264 020	84	<u>498</u>
Total other long-term liabilities		<u>264.829</u>	84_	498
Total Liabilities	1.549.446	<u>273.960</u>	152.955	18,600
Fund Equity:				
Contributed Capital:				
From other funds	-	-	-	1,500
From other governmental units Total Contributed Capital				1.516
Retained Earnings:				ő
Reserved	_	_	2,993	4,593
Unreserved	7.367	13.323	50. 965	24,923
Total Retained Earnings	7.367	13.323	53.958	29.516
•	-		· · · · · · · · · · · · · · · · · · ·	7
Total Fund Equity		13.323	53.958_	31.033 CA
Total Liabilities and Fund Equity	\$ 1.556.813	\$ 287,283	\$ 206,914	\$ 49.633
				S

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		MICHIGAN	101	ıcs
MACKINAC ISLAND STATE PARK COMMISSION	MICHIGAN STRATEGIC FUND	STATE HOUSING DEVELOPMENT AUTHORITY	SEPTEMBER 30,	SEPTEMBER 30, 1988 (RESTATED)*
\$ 576 51 137 100	\$ 58 - - 13,577	\$ 265 353 437,958	\$ 10,538 419 9,452 137 995,193	\$ 4,089 142 8,291 149 427,188
19 41 61 927	1,293 1,146 - - 2,439 16,076	28, 155 5,037 33, 192 471,768	30,859 37,381 6,504 74,746 1,090,486	37,714 31,286 6,993 75,994 515,855
1,381	15,113 84,611	1,624,408 296,435	2,928,015 589,740	2,884,111 728,967
225 4,581 (1,771 200 3,235 89		4,362	225 4,581 (1,771) 200 3,235 16,727	225 4,361 (1,600) 33 3,020 7,778
\$ 5.634	\$ 124,954	\$ 2.396.973	\$ 4.628.206	\$ 4.139.733
\$ 50 48 37 2 ——————————————————————————————————	1,995 204 	\$ 7,552 345 83,830 47,511 1.621	\$ 31,640 2,545 118,028 83,796 14,021 250,032	\$ 50,016 2,904 111,216 84,131 19,598 267,867
388	14,805	1,930,658 (17,861)	3,595,065 (43,053)	3,434,603 (46,809)
- - - - 528	2.226 2.226 20,536	181,474 1,518 182,992 2,236,648	264,766 181,474 4,390 450,630 4,252,675	158,438 2,757 161,195 3,816,857
<u>-</u>			1,500 16 1,516	1,500 16 1,516
209 4,896 5,106	23.193	112,692 47,633 160,325	201,712 172,302 374,014	199,428 121,930 321,359
5,106	104.417	160.325	375.531	322.875
\$ 5.634	\$ 124.954	\$ 2.396.973	\$ 4.628.206	\$ 4.139.733

^{*}The prior year column was restated to reflect the change in fund classification for the Michigan Education Trust. The column was also restated to reflect the change in accounting for Michigan State Hospital Finance Authority defeased bonds.

STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS ENTERPRISE FUNDS

COMPONENT UNITS

FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

OPERATING REVENUES:	MICHIGAN STATE HOSPITAL FINANCE AUTHORITY	MICHIGAN EDUCATION TRUST	MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY	MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY
Operating revenues	100,383 14,096	\$ 22,115	\$ - 9,454 5,246	\$ 19,177 3,308
Federal revenues	1.782		3,333 542	26,477
Total miscellaneous Total Operating Revenues		1.024 23.139	3.876 18.578	26.482 48.967
OPERATING EXPENSES: Salaries, wages, and other administrative	1,441	2.074	2,988	4,757
Interest expense	113,568	-	9,934	-
Purchases for resale	-	-	-	27 870
Amortization of deferred issue costs Miscellaneous		<u>.</u>	266 291	27, 0 79 11,242
Total other operating expenses			557	38.321
Total Operating Expenses Operating Income (Loss)		<u>2.074</u> <u>21.065</u>	13.480	43.079
NONOPERATING REVENUES (EXPENSES):		21,005	5.097	5.888
Federal grant revenue	_	<u></u>	-	-
Other nonoperating revenuesGrant expense	-	322	- -	920
Interest expense		(7.121)	(414)	
Total Nonoperating Revenues (Expenses)	<u>=</u>	(6.798)	(414)	920
Income (Loss) Before Operating Transfers	1.067	14.266	4.683	6.809
OPERATING TRANSFERS: Operating transfers in				
Total Operating Transfers In (Out)				
Net Income (Loss)	1.067	14,266	4,683	6.809
Retained Earnings — Beginning of fiscal year — as previously reported	6,300	-0- (943)	49,275	22,707
restated	6.300	(943)	49,275	22.707
Retained Earnings - End of fiscal year	\$ 7.367	\$ 13,323	\$ 53,958	\$ 29.516

\$	2,028 - -	\$ - 1,633 8,620	\$ 147,816 43,166	\$ 21,205 281,402 74,438	\$ 19,751 267,323 64,757
		543 150 694	4,451 182 1,007 5,640	34,262 1,267 3,969 39,499	37,607 1,325 2,806 41,739
	2.028	10.948	196.622	416.546	393.572
	3,300 - 171: 141:	4,870 2,183 - -	15,250 163,822 -	34,683 289,507 171 141	30,152 294,755 164 150
	101		1,893 281 5,653 7,827	28,972 547 17,473 46,992	38,130 455 16,488 55,075
_	101 3.715	7.054	186.899	371.497	380.298
	(1,686)	3,894	9.723	45.048	13.273
	136 155 - (35)	(10,022)	28,667 - (28,667)	28,667 136 1,398 (38,689) (35) (7,535)	25,409 114 95 (36,884) (38) (15,815)
	256	(10.022)		(16.058)	(27.118)
_	(1,430)	(6.128)	9.723	28,990	(13.845)
	1.685	20.000	1.980	23.665	25,497
	1.685	20,000	1.980	23.665	25,497
	254	13.871	11,703	52.655	11.652
	4,851	90,546	148,622	322,302 (943)	311,223 (1,516)
	4,851	90,546	148,622	321,359	309,706
\$	5,106	\$ 104,417	\$ 160,325	\$ 374,014	\$ 321,359

MICHIGAN

MACKINAC **ISLAND**

STATE PARK

COMMISSION

STATE HOUSING DEVELOPMENT

AUTHORITY

MICHIGAN

STRATEGIC

FUND.

TOTALS

FISCAL YEARS ENDED

SEPTEMBER 30,

1989

SEPTEMBER 30,

1988

(RESTATED)*

^{*}The prior year column was restated to reflect the change in fund classification for the Michigan Education Trust. The column was also restated to reflect the change in accounting for Michigan State Hospital Finance Authority defeased bonds.

STATE OF MICHIGAN COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION ENTERPRISE FUNDS

COMPONENT UNITS
FISCAL YEAR ENDED SEPTEMBER 30, 1989
(In Thousands)

	ŀ	IICHIGAN STATE HOSPITAL FINANCE JTHORITY		MICHIGAN DUCATION TRUST	E ST	MICHIGAN HIGHER DUCATION UDENT LOAN UTHORITY	EC AS	HICHIGAN: HIGHER HUCATION SISTANCE
SOURCES OF FUNDS:								
From operations:								
Net income (loss)	2	1.067	\$	14,266	\$	4,683	\$	6,809
Items not requiring (providing) working capital:		,	Ψ.	,	•	.,	•	0,003
Depreciation				_		_		_
Compensated absences - long-term portion		_				_		16
Provision for losses on loans		_				-		10
Amortization of deferred items (net)		-		50		266		-
AMORTIZATION OF DETERMED ITEMS (Net)	_	-				266_		
Working Capital Provided (Used) from Operations.		1,067		14,317		4,949		6,825
From other courses								
From other sources:		242 000				150 000		
Proceeds from bonds and notes sold		242,998		-		150,000		
Principal repayments on loans		276,779		-		65,998		7,717
Decrease in noncurrent investments (net)		142,925				-		14,859
Increase in other long-term liabilities			- —	264,829		4		
Total Sources (Uses) of Funds	\$	663.769	\$	279.146	\$	220.952	\$	_29,401
,							_	
APPLICATION OF FUNDS:								
Increase in noncurrent investments (net)	S	_	S	_	\$	43.531	\$	_
Loans issued/purchased		288,039	•	_	•	59,168	•	7,717
Decrease in long-term bonds and notes payable		270,804		-		100,425		
Increase in other noncurrent assets				_		3.151		_
Additions to fixed assets		_		_		-		
Decrease in other long-term liabilities		_				_		_
		104,926		270 146		14 675		21 604
Net increase (decrease) in working capital		104.920	-	279,146	_	14.675		21.684
Total Application of Funds	\$	663,769	. <u>\$</u>	279,146	\$_	220.952	<u>\$</u>	29,401
ELEMENTS AS NET THEOGRASS (RESPONDANCE) TH								
ELEMENTS OF NET INCREASE (DECREASE) IN								
WORKING CAPITAL:	_		_	100	_	E 100	_	
Cash and cash equivalents		1,726	\$	189	\$	5,196	\$	-
Amounts due from other funds		-		(27)		(5).		-
Amounts due from federal agencies		-		-		(163):		1,323
Inventories				-		_		-
Investments		98,027		276,369		6,056		3,801
Other current assets		(5.293)		(807)		(25)		370
Accounts payable and other liabilities		2.001		3,122		(43):		14.063
Amounts due to other funds		-,		300		(61)		38
Bonds and notes payable - current		6,413		50.0		4,825		-
Interest payable		2,052		_		(1,102)		_
		۷,۷۵٤		-		(1,102)		2 007
Deferred revenue			-		_			2.087
Net Increase (Decrease) in Working Capital	\$	104,926	<u>.</u>	279,146	\$	14,675	<u>s</u>	21,684

						ALS	
		MI	CHIGAN		FISCAL Y	EARS	ENDED
MACKINAC ISLAND STATE PAR COMMISSIO	MICHI K STRAT	EGIC DEV	STATE HOUSING FELOPMENT HORITY	SEPTEMBER 30,		SEPTEMBER 30 1988 _(RESTATED)*	
\$ 25	4 \$ 13	.,871 \$	11,703	\$.	52,655	\$	11,652
17	1 - - -	-	392 1,893 22,743		171 408 1,893 23,060		164 52 5,628 18.188
42	6 13	,871	36,731		78,188		35,686
•	-	,071 .156	202,080 60,142 31,350 23,036		595,078 115,707 189,134 289,026		161,285 172,080 19,372 21,864
\$ 42	6 \$ 20	2 990.	353.339	لبلية	67.134	<u> </u>	410.288
	- 5 7 1 9 5 7	\$,993 \$ 6,798 995 209	97,711 83,131 1,096 - 171,401	4	49,907 158,433 156,392 9,546 387	\$	24,302 184,173 218,597 3,743 52 3,522 (24,102)
\$ 42	<u>6 \$ 20</u>	.099 \$	353,339	\$ 1.	667,134	\$	410,288
(1 (85 3 (4	2) - 2)	(203) \$ (39)	131 353 - 181,536 4,416 (538) 839 (18,210) (616) 3,490	\$	6,448 277 1,160 (12) 568,005 (1,248) 18,376 359 (6,812) 334 5,577	\$	(2,007) (445) 1,843 2 (12,182) (23,446) (19,354) (2,300) 37,120 518 (3,850)
\$ (1.46	9) \$ 2	102 \$	171,401	٤ــ	592,466	<u>s</u>	(24,102)

^{*}The prior year column was restated to reflect the change in: fund classification for the Michigan Education Firust. The column was also restated to reflect the change in accounting for Michigan State Hospital Finance Authority defeased bonds.

STATE OF MICHIGAN DESCRIPTIONS OF INTERNAL SERVICE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989

CORRECTIONAL INDUSTRIES REVOLVING FUND

This fund was created by P.A. 210 of 1935 and continued by P.A. 15 of 1968 to account for the financial transactions of a manufacturing and processing industry, employing inmates of the State's correctional institutions. Public Act 245 of 1980 expanded the fund's sales market to include institutions of this or any other state or political subdivision thereof, the federal government or its agencies, and certain tax exempt organizations.

Public Act 205 of 1986 stipulates that the fund repay the General Fund for the cost of building and equipping prison factories included as part of new prison construction. The costs of buildings and equipment are to be repaid over 30 years and 10 years respectively.

FEDERAL SURPLUS REVOLVING FUND

The purpose of the fund was to account for the operations related to and the distribution of surplus federal property to eligible units of State and local agencies for a service charge. The fund was created by administrative decision. Beginning with this fiscal year, the activities and balances of the fund were merged into the Office Services Revolving Fund.

MOTOR TRANSPORT REVOLVING FUND

This fund was established by P.A. 260 of 1947 to provide automotive transportation for State agencies. Activities include purchase, replacement, and maintenance of automotive equipment. Vehicles are available to agencies on a permanently assigned basis or through the motor pool for short term usage. The Motor Transport Division vehicles are furnished to agencies at a rate sufficient to cover all costs of operation and maintenance. Agencies are charged by Motor Transport Division on a monthly basis. The advance from other funds on the balance sheet represents a payable to the State Sponsored Group Insurance Fund that was recorded in an amount equal to the estimated long-term portion of this fund's negative balance in the State's common cash pool.

OFFICE SERVICES REVOLVING FUND

Created by P.A. 262 of 1952, this fund provides services in the following areas: reproduction, microfilm, mailing, and purchase and storage of paper, stationery, and office supplies. The cost of the services or supplies is charged to user departments and agencies. Resultant revenue is credited to the revolving fund and is used for administration and operation of the program, including purchase of necessary equipment. Beginning with this fiscal year, the Federal Surplus Revolving Fund was merged into this fund.

TELECOMMUNICATIONS REVOLVING FUND

This fund was created by administrative decision, the purpose of which is to provide telecommunication services to other State funds. Administrative costs are appropriated in the General Fund and financed by interfund transfer. The cost of providing services is charged to the user agencies on a monthly basis. Bonds and notes payable represent the financing of equipment by the State Building Authority.

STATE OF MICHIGAN DESCRIPTIONS OF INTERNAL SERVICE FUNDS (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989

STATE SPONSORED GROUP INSURANCE FUND

This fund was administratively established to reflect the financial transactions of the Department of Civil Service's insurance plans which provide state sponsored health, long-term disability, life, vision, and dental coverage for participating employees and retirees. The plans' funding methods range from those where the State is fully self-insured to those where an outside carrier assumes partial risk on a contracted basis.

For those programs where the State purchases full coverage (e.g., health maintenance organizations), premiums are recorded as revenues and expenses. For self-insured (vision, dental, and most health coverage) and partially self-insured (long-term disability and life) benefit programs, the State recognizes revenues, expenses, and liabilities (insurance "reserves") in accordance with accounting principles applicable to insurance accounting in the private sector. This results in the recognition of unearned premiums (deferred revenues), rather than retained earnings, when a program's assets exceed its liabilities. The advance to other funds on the balance sheet represents a receivable from the Motor Transport Revolving Fund that was recorded in an amount equal to the estimated long-term portion of that fund's negative balance in the State's common cash pool.

STATE OF MICHIGAN COMBINING BALANCE SHEET INTERNAL SERVICE FUNDS SEPTEMBER 30, 1989 (In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT REVOLVING FUND	OFFICE SERVICES REVOLVING FUND
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4	·· \$	\$ 1,194
Equity in Common Cash	9,444	-	215
Amounts due from other funds	-	-	-
Amounts due from federal agencies. Amounts due from local units	20 247	i.	-
Inventories	12,750	603	66 6,523
Other current assets	71	224	237
Total Current Assets	22.538	829	8.237
Advances to other funds	-	_	-
Property, plant, and equipment: Buildings and equipment	26,013	96,979	7 684
Allowance for depreciation	(9,568)	(34,303)	7,654 (4,652)
Construction in progress		(34,303)	(4,052)
Total property, plant, and			
equipment	22.324	62,676	3.001
Other noncurrent assets			
Total Assets	\$ 44.863	\$ 63.506	\$ 11.239
LIABILITIES AND FUND EQUITY			
Current Liabilities:			
Liability to Common Cash	- 2	\$ -	\$ -
Warrants outstanding		238	273
Accounts payable and other			
liabilities	3,156	1,200	1,926
Amounts due to other funds	210	5,010	17
Bonds and notes payable	. –	-	47
Deferred revenue		6,449	2 265
total corrent trabilities	3.434	0.449	2.265
Long-Term Liabilities:			
Advances from other funds	11,015	30,477	-
Deferred revenue	· -	· -	-
Bonds and notes payable		. -	-
Other long-term liabilities	1.110	417	1.364
Total Liabilities	15.619	37.344	3.629
Fund Equity:			
Contributed capital - from			
other funds	1.373	8.444	_
Retained earnings — unreserved	27.870	17.717_	7.609
Total Fund Equity	29,243	26.162	7.609
Total Biabilities and Fund Equity	\$ 44.863	\$ 63.506	\$ 11.239
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TELE-	STATE SPONSORED		ALS
COMMUNICATIONS REVOLVING FUND	GROUP INSURANCE FUND	SEPTEMBER 30, 1989	SEPTEMBER 30, 1988
\$ - - - -	\$ 1 41,532 10,177	\$ 1,200 51,192 10,177 21 313	\$ 1,003 75,010 1,775 21 417
991 991	240 51,951	19,877 1,765 84,548	15,177 1,426 94,833
18,832 (5,716)	30,477 590 (333).	30,477 150,070 (54,574) 5,880	17,450 135,860 (48,530) 504
13.116	257 42.514	101.376 42.514	87.835 52.405
\$ 14,107	\$ 125,201	\$ 258,917	\$ 252.524
\$ - 26	\$ <u>-</u> 228	\$	\$ 11,152 1,255
3,102 559 252 115 4,056	59,532 2 	68,918 5,800 252 26,962 102,828	60,390 210 — 41,411 — 114,419
372 306 8,096	29.967 116.530	41,492 372 306 40.955	22,876 487 35.628 173.412
		9.818	9,818
1.275	8.670 8.670	63.142 72.961	69.293
\$ 14.107	\$ 125,201	\$ 258.917	\$ 252.524

STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS INTERNAL SERVICE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	JSTRIES SURPLUS DLVING REVOLVING	
OPERATING REVENUES	\$ 29,480	. <u>\$</u>	\$ 30.620
OPERATING EXPENSES:			
Salaries, wages, and other administrative Depreciation	1,184	-	7,990 13,733
Purchases for resale	10,756	- -	5,157 2.009
Total Operating Expenses			28.891
Operating Income (Loss)	2.205	_	1.728
NONOPERATING REVENUES (EXPENSES):			
Other nonoperating revenues			380 (914)
Total Nonoperating Revenues (Expenses)	5		(533)
Income (Loss): Before Operating Transfers.	2.211		1,194
OPERATING TRANSFERS:			
Operating transfers in	1 (186)		(1.018)
Total Operating Transfers In (Out)	(185)		(1:,017)
Net Income (Loss)	2.025		176
Retained Earnings — Beginning of fiscal year — as previously reported Effect of accounting change		(443)	17,540
Retained Earnings — Beginning of fiscal year — restated Equity transfers from other funds Equity transfers to other funds	25,844 - -	(443) 443	17,540 - -
Retained Earnings - End of fiscal year		\$ -0-	\$ 17,717

		CT.175		ALS		
OFFICE	TELE-	STATE SPONSORED	FISCAL YEARS ENDED			
SERVICES REVOLVING FUND	COMMUNICATIONS REVOLVING FUND	GROUP INSURANCE FUND	SEPTEMBER 30, 1989	SEPTEMBER 30, 1988		
\$ 36.645	\$ 12.681	\$ 353,448	\$ 462,877	\$ 392.115		
11,336 790 22,297	8,832 1,796 - -	21,126 58 - - 342,158	64,620 17,563 27,455 10,756 344,168	55,238 16,012 21,150 7,969 281,474		
34,425	10.628	363.344	464,564	381.845		
2,220	2.053	(9.895)	(1.687)	10.269		
25 (26)	103 (753)	<u>-</u>	519 (1,699)	218 (993)		
 _	(650)		(1.179)	(774)		
2,219	1.403	(9.895)	(2,866)	9,494		
(1,732)	(320)	(28)	(3,287)	55 (2,429)		
(1.731)	(320)	(28)	(3.283)	(2.374)		
488	1.082	(9,924)	(6.150)	7.120		
7,564	192	18,594	69,293 	71,990 (9,818)		
7 ⁻ ,564: 	192	18,594 —	69,293 443	62,172		
(443)			(443)			
\$ 7.609	\$ 11,275	\$ 8,670	\$ 63,142	\$ 69.293		

STATE OF MICHIGAN COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION INTERNAL SERVICE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	IM	RECTIONAL DUSTRIES EVOLVING FUND	RE	EDERAL URPLUS VOLVING FUND		MOTOR RANSPORT EVOLVING FUND
SOURCES OF FUNDS: From operations:						
Net income (loss)	\$	2,025	\$	_	\$	176
Items not requiring (providing) working capital:		1 104				
Depreciation		1,184 70		(148)		13,733 (17)
Disability claims - long-term portion		,,		(140)		(17)
Amortization of deferred items		_		_		_
Loss (gain) on disposal of fixed assets		4				937
Working Capital Provided (Used) from Operations		3,285		(148)		14,830
From other sources:						
Proceeds from bonds and notes sold		= '				-
Sale of fixed assets		3		27		3,822
Decrease in other noncurrent assets Increase in long-term lease obligations		<u>-</u>		_		_
Increase in advances and other long-term		_		_		_
liabilities		5,588		-		13,027
Equity transfers from other funds				443		
Total Sources (Uses) of Funds	<u>. </u>	8.877	<u>\$</u>	322	5_	31.681
APPLICATION OF FUNDS:						
Increase in advances to other funds		-	\$	-	\$	-
Increase in other noncurrent assets (net)		6 671		-		25: 006
Additions to fixed assets		6,671		-		25,906
Decrease in other long-term liabilities		_		=		_
Equity transfers to other funds		_		-		_
Net increase (decrease) in working capital		2,205		322		5.775
Total Application of Funds	<u>\$</u>	8.877	<u>\$</u>	322	<u>\$</u>	31.681
ELEMENTS OF NET INCREASE (DECREASE) IN						
MORKING CAPITAL: Cash and cash equivalents	¢	1	\$	_	•	_
Equity in/Liability to Common Cash	₹.,	2,747	₩.	434	₹.	10,717
Amounts due from other funds				_		-
Amounts due from federal agencies		.=		 .		-
Amounts due from local units		42		(155)		(20)
Inventories		629 (23)		<u>-</u>		(28) (96)
Warrants outstanding		196		5		1:15
Accounts payable and other liabilities		(1,374)		37		7.5
Amounts due to other funds		(13)		-		(5,008)
Bonds and notes payable current		-		-		
Deferred revenue						
Net Increase (Decrease) in Working Capital		2 205	•	322	•	5,775

					07175		101	ALS	
	OFFICE		TELE-	S	STATE PONSORED		FISCAL YE	ARS END	ED
	ERVICES EVOLVING FUND		MUNICATIONS VOLVING FUND	<u> </u>	GROUP NSURANCE FUND	SEP	TEMBER 30, 1989	SEP'	TEMBER 30, 1988
\$	488	\$	1,082		(9,924)	, \$	(6,150)	\$	7,120
	790 282		1,796 27		58 (24)		17,563 190		16,012 405
	-	•	(115).		6,957		6,957 (115)		535 (115)
	1,548		2,790		(2,931)		929 19,374	·	215 24,173
	37		306		=		306 3,890		3,089
	18		-		9,891 -		9,891 18		67
	-		-		-		18,616 443		17,872
<u>. </u>	1.604	\$	3.096	<u>.</u>	6.959	<u> </u>	52.542		45.203
\$	-	\$	-	\$	13,027 -	\$	13,027	\$	17,450
	1,156		2,096		95		35,925		5,497 31,226
	-		1,839		-		1,839		1.,707
	443 4		(838)	_	(6, 163)		443 1.305		(10.677)
<u>. </u>	1.604	<u>s</u>	3,096	<u>.</u>	6.959	\$	52,542	<u>s_</u>	45,203
\$ 1	194 (3,773)	\$	(215)	\$.	1 (22,577) 8,402	\$	197 (12,666) 8,402	\$	(2) (41,964) (42)
	4,099 159 (55)		72 127		- - 226: (27):		(104) 4,699 338 361		6 252 1,500 (685) (53)
	(623) (13)		(17) (552) (252)		(6,625): (1): -		(8,528) (5,590) (252)		6,152 (30)
	9_	_			14.438		14,448		24, 190
<u>\$</u>	4	\$	(838)	<u>\$</u>	(6.163)	<u>\$</u>	1.305	\$	(10,677)

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STATE OF MICHIGAN COMBINING BALANCE SHEET TRUST AND AGENCY FUNDS — BY CLASSIFICATION SEPTEMBER 30, 1989 (In Thousands)

					ALS
	EXPENDABLE TRUST FUNDS	PENSION TRUST FUNDS	AGENCY FUNDS	SEPTEMBER 30, 1989	SEPTEMBER 30, 1988 (RESTATED)*
ASSETS		-			
Current Assets: Cash and cash equivalents Equity in Common Cash Taxes, interest, and penalties receivable Amounts due from other funds Amounts due from federal agencies Amounts due from local un Investments Other current assets	\$ 4,811 273,945 139,653 7,415 15,252 16,222 1,243,563 31,121	\$ 10 155,875 - 10,772 - 48,771 2,272,623 -1,311,275	\$ 4,172 104,129 2,593 198 - 25,231	\$ 8,993 533,950 139,653 20,781 15,451 64,993 3,516,186 1,367,627	\$ 5,265 476,252 144,506 13,731 14,766 60,176 3,350,369 225,716
Total Current Assets	1.731.985	3.799.328	136.325	5.667.638	4,290,783
Amounts due from local units Investments Property, plant, and equipment Other noncurrent assets	1,574 417,723 - 4.766	14,031,128 21	729,822 	1,574 15,178,674 21 1,347,339	1,010 14,732,989 - 1,088,419
Total Assets	\$ 2.156.049	\$17.830.478	\$ 2.208.720	\$22,195,248	\$20.113.202
LIABILITIES AND FUND BALANCES		yes.			
Current Liabilities: Liability to Common Cash	\$ 1,966 267,356 2,750 19,134 291,207	\$	\$ - 137 1,681 - - 1,819	\$ 22,551 345,444 2,750 19,134 389,881	\$ 2,726 18,499 270,374 4,798 11,241 307,640
Long-Term Liabilities: Advances from other funds Advances from federal agencies Deferred revenue Other long-term liabilities	2,121 602,517 232	-	- - 2.206.901	2,121 602,517 232 2,206,901	2,216 781,539
Total Liabilities	896.078	96.854	2.208.720	3.201.654	2.911.644
Fund Balances: Reserved Unreserved	1.259.970	17,733,623	<u>-</u>	17,733,623 1,259,970	16,209,702 991,854
Total Fund Balances	1.259.970	_17.733.623		18.993.594	17.201.557
Total Liabilities and Fund Balances	\$ 2,156,049	\$17.830.478	\$ 2.208.720	\$22,195,248	\$20,113,202

^{*}The prior year column was restated to reflect the reclassification of the Municipal Employees' Retirement Fund from an expendable trust fund to a pension trust fund, which resulted in the fund's previously reported unreserved fund balance being reclassified as reserved for pension benefits. The column was also restated to reflect the reclassification of the Michigan Education Trust from an expendable trust fund to an enterprise fund, as well as the creation of the new Michigan State Hospital Finance Authority Defeased Bonds Fund

STATE OF MICHIGAN DESCRIPTIONS OF EXPENDABLE TRUST FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989

MICHIGAN UNEMPLOYMENT COMPENSATION FUND

The Michigan Unemployment Compensation Fund is administered by the Michigan Employment Security Commission as authorized by P.A. 1 of 1936 (Extra Session). The fund receives contributions from employers and provides for the payment of benefits to eligible unemployed workers. It also makes payments under certain federally funded programs. Administrative costs of the fund are accounted for in the Michigan Employment Security Act — Administration Fund, which is a special revenue fund.

MICHIGAN EMPLOYMENT SECURITY ACT CONTINGENT FUND

The Michigan Employment Security Act Contingent Fund, which is administered by the Michigan Employment Security Commission (MESC), was created by P.A. 535 of 1982 to receive a special unemployment tax surcharge, known as the solvency tax. The fund also receives interest and penalty charges on late contributions. Solvency taxes were originally restricted to two purposes, payment of interest on the Michigan Unemployment Compensation Fund borrowings from the federal government and, funding of the costs of a major automation project to the extent that such costs were not funded by other MESC revenue sources. Interest and penalty revenues are spent at the discretion of the commission. Public Act 224 of 1989 also authorizes the fund to make \$21.0 million in repayments out of its solvency tax collections and penalty and interest revenues during fiscal year 1989-90. The repayments, which have been recorded as expenditures and liabilities during 1988-89, will be made prorata to employers who paid solvency taxes for years 1983-85. The recording of the deferred interest payments is explained in the notes to the General Purpose Financial Statements.

MICHIGAN STATE ACCIDENT FUND

As explained in the "Basis of Accounting - Reporting Entity" note to the financial statements, the operations of the Michigan State Accident Fund (MSAF) are not reported in these statements. The amounts included in the State trust fund represent only that portion of the assets which are invested by the State Treasurer on behalf of MSAF. Revenues of the trust fund include reimbursements for State employees workers' compensation payments and administrative costs, deposits by the MSAF to the fund, and investment earnings. Withdrawals from the fund by the MSAF are recorded as expenditures. Operating transfers out reflect trust fund administrative costs, which are recorded as expenditures in the General Fund.

SECOND INJURY FUND

Public Act 317 of 1969, as amended, created the Second Injury Fund to insure carriers and self-insured employers against certain workers' compensation losses. The fund is supervised by the administrator who is appointed by the fund's Board of Trustees. The fund's revenue consists of assessments, calculated under provisions of the act, which are assessed to insurance carriers and self-insured employers. Administrative costs are appropriated in the General Fund with financing provided by way of operating transfers.

MUNICIPAL EMPLOYEES' RETIREMENT FUND

Beginning October 1, 1988, this fund was reclassified as a pension trust fund. This change was made to reflect the current emphasis in pension accounting on the nature of the fund and the accounting basis (i.e., accrual) used, rather than the relationship between the fund and the reporting entity.

STATE EMPLOYEES' DEFERRED COMPENSATION FUND II (401K)

The State Employees' Deferred Compensation Fund II (401k) was administratively established to account for a deferred compensation plan which permits State employees to defer a portion of their income until future years. A footnote to the General Purpose Financial Statements, titled "Deferred Compensation Plans," includes additional information on the plan.

STATE OF MICHIGAN DESCRIPTIONS OF EXPENDABLE TRUST FUNDS (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989

MICHIGAN EDUCATION TRUST

As explained more fully in Note #4 to the general purpose financial statements, the Michigan Education Trust has been reclassified and is now reported in the enterprise fund group.

TRANSPORTATION RELATED TRUST FUNDS

The transportation related trust funds column reflects the activities of four funds: the Special Federal Bridge Replacement Fund, the Federal County Road Fund, the Federal Urban Transportation System Fund, and the Highway Topics and Safety Program Fund. The Michigan Department of Transportation is recognized as the legal representative of the State including all governmental subdivisions in the administration of these programs. The financing accounted for in these funds consists primarily of local and federal matching funds with very little State funds. Financing provided prior to expenditures being incurred is recorded as deferred revenue and revenue is recognized as expenditures are made. As a result of this, the fund balances of these funds are usually zero.

The Special Federal Bridge Replacement Fund was established in conjunction with the Federal Highway Act of 1970, Section 144. This section was authorized by Congress to assist states in reconstructing or replacing roadway bridges which are found to be unsafe or obsolete.

The Federal County Road Fund was established in conjunction with the Federal Aid Highway Act of 1944. This act authorizes funds for projects on the secondary road system which are selected by the Michigan Department of Transportation in cooperation with county road commissions and the Bureau of Public Roads.

The Federal Urban Transportation System Fund was created to administer provisions of the Federal Highway Act of 1970, Section 106. The responsibility for administration of the act was placed in the Michigan Department of Transportation by Section 302(a) of Title 23, United States Code, and was authorized by section 7(m) of P.A. 286 of 1964. The principal objective of the fund is the improvement of urban highway systems in cooperation with local units of government.

The Highway Topics and Safety Program Fund was established in conjunction with the Federal Aid Highway Acts of 1968 and 1973. The objective of this program is to improve the safety and operating conditions of the existing street and road systems in urban areas.

MISCELLANEOUS TRUST ACCOUNTS FUND

This fund is used to report the transactions of several legally separated activities in which the State holds funds in a fiduciary manner. These activities include the following "funds": State Office Buildings Bond Redemption; Vietnam Veterans' Namorial Monument; Children's Institute Trust; Escheats; Gifts, Bequests, and Deposits Investment; Silicosis, Dust Disease, and Logging Industry Compensation; Agricultural College Fund — Morrill Act; Hospital Patients' Trust; Federal Housing Administration Mortgages Escrow; Self-Insurers' Security; Special Assessment Deferment; Urban Land Assembly Loan; Utility Consumer Representation; Bankrupt Self Insured Corporations Workers' Disability Funds #1 and #2; and Fred Sanders Inc. Workers' Compensation Trust.

STATE OF MICHIGAN COMBINING BALANCE SHEET EXPENDABLE TRUST FUNDS SEPTEMBER 30, 1989 (In Thousands)

	MICHIGAN UNEMPLOYMENT COMPENSATION FUND	MICHIGAN EMPLOYMENT SECURITY ACT CONTINGENT FUND	MICHIGAN STATE ACCIDENT FUND	SECOND INJURY FUND
ASSETS				
Current Assets: Cash and cash equivalents Equity in Common Cash Taxes, interest, and penalties receivable. Amounts due from other funds Amounts due from federal agencies Investments Other current assets Total Current Assets	\$ 2,834 139,653 2,040 12,509 1,222,175 18,862 1,398,076	\$ - 48,522 1,150 - - - - 49,672	\$ - 85,596 1,378 - - 6,640 93,616	\$ 8 16,238 - 405 - - - 186 - 16,838
Amounts due from local units	<u> </u>		365,714	
Total Assets	<u>\$ 1.398.076</u>	\$ 49.672	<u>\$ 459.330</u>	<u>\$ 16.838</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities: Warrants outstanding	\$	21,000	\$ - - - -	\$ 691 3,833 22 4,675 9,223
Long-Term Liabilities: Advances from other funds Advances from federal agencies Deferred revenue	602,517		- -	- -
Total Liabilities	828.483	21.000		9.223
Fund Balances:				
Unreserved	569,593	28.672	459.330	7.614
Total Fund Balances	569.593	28.672	459.330	7,614
Total Liabilities and Fund Balances	\$ 1.398.076	\$ 49.672	\$ 459,330	\$ 16.838

STATE OF MICHIGAN. COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES EXPENDABLE TRUST FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

Taxes		MICHIGAN UNEMPLOYMENT COMPENSATION FUND	MICHIGAN EMPLOYMENT SECURITY ACT CONTINGENT FUND	MICHIGAN STATE ACCIDENT FUND	SECOND INJURY FUND
From federal agencies	REVENUES	et green Green			
Total Revenues	From federal agencies		\$ 2,137	\$ <u>-</u> <u>-</u> <u>-</u>	\$ <u>-</u>
EXPENDITURES Current: General government	Miscellaneous	71.362	13.636	<u>67.937</u>	15.194
Current: General government	Total Revenues	1.166.519_	15.774	67.937	15.194
General government	EXPENDITURES	•			
Education – – – – – – – – Health and welfare – – – – – – – – – – – – – – – – –	Current:				
Health and welfare		-	-	-	-
Conservation, recreation, and agriculture.		-	-	-	-
		-	-	-	-
LADDI. COMMETCE. AND FEDULACUTY	Labor, commerce, and regulatory	931,055	23,302	42,170	17,844
Mental health		-	-	721,110	17,044
Transportation	Transportation				
Total Expenditures	Total Expenditures	931.055	23.302	42,170	17.844
Excess of Revenues over (under) Expenditures		235,463	(7.527)	<u>25.767</u>	(2.650)
OTHER FINANCING SOURCES (USES)	OTHER FINANCING SOURCES (USES)				
Operating transfers in	Operating transfers in			(57)	(3,113)
Total Other Financing Sources (Uses)	Total Other Financing Sources (Uses)		(772)	(57)	(3,113)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		235.463	(8.299)	25,709	(5.764)
Fund Balances - Beginning of fiscal year - as previously reported	as previously reported	334,129	36,972	433,621	13,379
Fund Balances - Beginning of fiscal year - restated	rund balances — Beginning of fiscal year — restated	334,129	36.972	433.621	13.379
Fund Balances - End of fiscal year \$ 569.593 \$ 28.672 \$ 459.330 \$ 7.614	Fund Balances — End of fiscal year	\$ 569.593	\$ 28,672		

MUNICIPAL EMPLOYEES' RETIREMENT FUND		STATE EMPLOYEES' DEFERRED COMPENSATION FUND II (401K)			MISCELLANEOUS TRUST ACCOUNTS FUND	TOTALS FISCAL YEARS ENDED	
				TRANSPORTATION RELATED TRUST FUNDS			
			MICHIGAN EDUCATION TRUST			SEPTEMBER 30, 1989	SEPTEMBER 30, 1988 (RESTATED)*
\$	- - -	\$ - - - - 26,730	\$ - - -	\$ - 59,301 15,432 507	\$ - 3,805 88,837	\$ 1,049,711 106,885 19,237 	\$ 1,061,806 134,734 18,331 252,409
	=.	26.730_		75.242_	92.642	1.460.041	1.467.281
	-	2,566		-	41,734	44,301	44,471
	_	- -	-	-	12 366	12 36 6	7 627
	_	-	-	-	22	22	124
	-	- -	- -	-	6,890 5,723	1,021,263 5,723	1,114,432 6,022
				78.517_		78.517	98.013
		2.566		78.517	54,749	1.150.206	1.263.700
	<u>-</u> _	24, 163_		(3.275)	37,893	309.834	203.581
	-	(6)	<u>-</u>	3,722 (447)	159 (41.203)	3,987 (45,706)	4,068 (53,710)
		(6)		3.275	(41.043)	(41.718)	(49,641)
		24.156			(3.150)	268,116_	153.939
1,	165,122 165,122)	37,611	35 (35)	- 0-	136,141	2,157,012 (1,165,157)	1,930,586 (1,092,671)
	-0-	37.611		0_	136, 141	991.854	837.915
\$	_0_	\$ 61.768	s	\$0_	\$ 132,990	\$ 1.259.970	\$ 991.854
2	<u>-v-</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

^{*}The prior year column was restated for the reclassification of the Municipal Employees' Retirement Fund (now reported in the pension trust fund group): and the Michigan Education Trust (now reported in the enterprise fund group).

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STATE OF MICHIGAN DESCRIPTIONS OF PENSION TRUST FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989

Additional Pension Trust Fund information regarding plan membership, benefits and funding requirements may be found in the footnote to the financial statements entitled "Pension Benefits."

LEGISLATIVE RETIREMENT FUND

The Legislative Retirement System was created by P.A. 261 of 1957 to provide retirement allowances, survivors' allowances, and other benefits for members of the Legislature and the presiding officers and their surviving spouses or children. Participants in the system have a deduction from each salary payment to partly finance the fund. In addition, legislative appropriations, interest on fund investments, and court fees complete the financing.

STATE POLICE RETIREMENT FUND

This fund was created by P.A. 251 of 1935 which was superseded by P.A. 182 of 1986 to provide retirement benefits for State Police officers. It is administered by a nine member board under the direction of a chairperson elected from the membership. Financing is provided by investment income and by an annual legislative appropriation from the General Fund.

STATE EMPLOYEES' RETIREMENT FUND

This fund was established by P.A. 240 of 1943 and is administered by a nine member board under the direction of an Executive Secretary. Public Act 216 of 1974 eliminated the requirement for member contributions and provided for financing by legislative appropriation and investment earnings.

PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND

In accordance with P.A. 300 of 1980, on October 1, 1981 the Public School Employees' Chapter I Retirement Fund was merged with the Public School Employees' Chapter II Retirement Fund to establish the Public School Employees' Retirement Fund. The two original funds were created by Public Acts 136 of 1945 and 259 of 1974, respectively. Administrative policy is governed by an eight member board.

Financing for the fund is provided by both annual appropriations by the Legislature and employer contributions. Under P.A. 91 of 1985, additional amounts may be contributed by employees to a "member investment plan."

PROBATE JUDGES' AND JUDGES' RETIREMENT FUNDS

Public Act 198 of 1951 and P.A. 165 of 1954 created the Judges' and Probate Judges' Retirement Funds respectively. These funds are administered by their respective boards under direction of the Executive Secretary of the State Employees' Retirement Fund. Financing is from member contributions, court filing fees as provided under law, investment earnings, and legislative appropriations. Amendments to the basic law by P.A. 508 and P.A. 510 of 1982 closed the Probate Judges' Retirement Fund to new members. As of January 1983, all new members of the judicial retirement system are included in the Judges' Retirement Fund.

MUNICIPAL EMPLOYEES' RETIREMENT FUND

The fund and its governing board were authorized by P.A. 135 of 1945 as amended. Revenues are provided to the fund from panticipating municipalities' and employees' contributions and investment income. Expenses are recorded for benefit payments, contribution refunds, and direct administrative charges. Additional administrative costs incurred in the General Fund are financed by operating transfers from this fund. The State of Michigan's responsibility is that of due care required of an administrator. It has no legal or moral obligation to provide funding requirements, as that is the responsibility of the participating municipalities.

As of October 1, 1988, the fund was reclassified from an expendable trust fund to a pension trust fund. This was done to reflect the current emphasis in pension accounting on the nature of the fund and the accounting basis (i.e., accrual) used, rather than the relationship between the fund and the reporting entity.

STATE OF MICHIGAN COMBINING BALANCE SHEET PENSION TRUST FUNDS SEPTEMBER 30, 1989 (In Thousands)

		•		
	LEGISLATIVE RETIREMENT FUND	STATE POLICE RETIREMENT FUND	STATE EMPLOYEES' RETIREMENTFUND	PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND
ASSETS				
Current Assets: Cash and cash equivalents Equity in Common Cash Amounts due from other funds Investments Other current assets Total Current Assets	6,762 177 104 500 918	\$	\$ 29,499 6,689 433,811 283,441 753,446	\$ - 68,816 2,078 43,831 1,638,087 947,426 2,700,240
Investments Property, plant, and equipment: Buildings and equipment Allowance for depreciation Total property, plant, and equipment		306,894	2,924,980	9,619,350 18 (1)
Total Assets	<u>\$ 56.764</u>	\$ 387.210	\$ 3.678,432	\$12,319,606
LIABILITIES AND FUND BALANCES				1
Current Liabilities: Warrants outstandingAccounts payable and other liabilities Total Current Liabilities	60 85	\$ 127 1.660 1.788	\$ 1,834 21,476 23,311	\$ 18,067 50,186 68,254
Total Liabilities	85	1.788	23.311	68.254
Fund Balances: Reserved for Pension Benefits	56.678	385.422	3.655.120	12.251.352
Total Fund Balances	56.678	385,422	3.655,120	12.251.352
Total Liabilities and Fund Balances	\$ 56,764	\$ 387.210	\$ 3,678,432	\$12,319,606

			TOTA	LS
PROBATE JUDGES' RETIREMENTFUND	JUDGES* RETIREMENTFUND	EMENT RETIREMENT SEPTEMBER		SEPTEMBER 30, 1988 _(RESTATED)*
\$ - 139 3 124 1,768 1,393 3,428	\$ - 2,779 79 724 14,431 8,364 26,379	\$ 5 45,095 925 3,986 137,140 39,901 227,053	\$ 10 155,875 10,772 48,771 2,272,623 1,311,275 3,799,328	\$ 10 188,877 5,505 43,382 2,181,213 175,137 2,594,125
13,361	87,527	1,030,712	14,031,128	13,662,809
\$ 16,790	- - - \$ 113,907	- - - \$ 1,257,766	24 (2) 21 \$17,830,478	±16,256,935
			•	
\$ 18 70 89	\$ 65 724 790	\$ 308 2.227 2.535 2.535	\$ 20,448 76,406 96,854	\$ 14,739 32,493 47,232 47,232
16,701	113,117	1.255.230	17.733.623	16.209.702
16.701	113,117	1.255.230	17.733.623	16,209,702
\$ 16,790	\$ 113,907	\$ 1,257,766	\$17.830.478	\$16,256,935

^{*}The prior year column was restated for the effect of a change in fund classification for the Municipal Employees' Retirement Fund.

STATE OF MICHIGAN COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES PENSION TRUST FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

	•			
	LEGISLATIVE RETIREMENT FUND	STATE POLICE RETIREMENT FUND	STATE EMPLOYEES' RETIREMENT FUND	PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND
OPERATING REVENUES:				
Contributions: From members From employers Total contributions from members and employers Investment revenue (net) Miscellaneous: Court fees for administration and annuities Total miscellaneous	2,102 2,674 4,898 1,043	\$ 76 19.675 19,751 35,039	\$ 3,008 162,046 165,055 340,938	\$ 157,275 566,306 723,582 1,137,085
Total Operating Revenues		54.791	505.994	1.860.668
OPERATING EXPENSES:				
Salaries, wages, and other administrative Depreciation	336	123	1,465	5,127 1
Benefits paid to participants or beneficiaries Medical, dental, and life insurance for retirants. Refunds	814	16,976 3,492 6	178,660 52,838 156	619,375 122,619 1,367
Total benefits, insurance, and refunds		20.474	231.655	743,362
Total Operating Expenses	3.447	20.597	233, 121	748,492
Operating Income (Loss)	5.168	34,193	272.872	1.112.175
OPERATING TRANSFERS:		•		
Operating transfers in	(5)	(104)	57 (1,044)	35 (3,179)
Total Operating Transfers In (Out)	(5)	(104)	(986)	(3,143)
Net Income (Loss)	5,162	34,089	271,885	1, 109, 031
Fund Balances - Beginning of fiscal year - as previously reported	51,515	351,333	3,383,235	11,142,320
Effect of accounting changes				
Fund Balances - Beginning of fiscal year - restated	51.515	351,333	3,383,235	11,142,320
Fund Balances - End of fiscal year	\$ 56,678	\$ 385,422	\$ 3,655,120	\$12.251.352

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PROBATE		MUNICIPAL	FISCAL YE	ARS ENDED
JUDGES* RETIREMENT FUND	JUDGES' RETIREMENT FUND	EMPLOYEES' RETIREMENT FUND	SEPTEMBER 30, 1989	SEPTEMBER 30, 1988 <u>(RESTATED)*</u>
\$ 135 77 213	\$ 2,320 1.386 3,706	\$ 12,044 11.872 23,917	\$ 175,433 	\$ 161,108 825,391 986,499
1,572	9,999	128,892	1,658,427	1,240,637
657	5,149	-	6,849	6,421
657	5.149		6.850	<u>58</u> 6.480
2,443	18,855	152.810	_2.604.178	2.233.617
50 -	142 -	3,323	10,569 2	10,586
1,459	5,776	43,036	867,567	733,594
	40 101_	16,184_	179,805 17.830_	127,843 5.038
1.459	5.918	59,220	1.065.203	866,476
1.510	6.061	62.544	1.075.776	<u>877.063</u>
932	12.794	90.265	1.528.402	1.356.553
(26)	14 (72)	(157)	107 (4.589)	141 <u>(4.303)</u>
(26)	(57)	(157)	(4.482)	(4, 162)
905	12,736	90,108	1,523,920	1,352,390
15,795	100,380	-0-	15,044,580	13,764,640
<u>-</u>		1.165.122	1.165.122	1.092.671
15.795	100.380	1.165.122	16.209.702	14.857.312
\$ 16.701	\$ 113,117	\$ 1.255.230	\$17,733,623	\$16,209,702

^{*}The prior year column was restated for the effect of a change in fund classification for the Municipal Employees! Retirement Fund.

RECEIPTS CLEARING FUND

In prior years, this fund was used by several State departments primarily as a depository for various receipts, the classification as to type of revenue being unknown at the time of deposit. Subsequent to the deposit of monies in this fund, the departments recorded adjusting entries to credit the proper funds and accounts for revenues received.

As of October 1, 1988, the balances in this fund were reclassified to the various affected State funds. The accounting for such receipts is now done within accounts of other State funds.

METROPOLITAN PLANNING FUND

This fund was established by the Federal Highway Act of 1973, Section 112 and 134 to account for Federal "pass through" funds that reimburse local regional planning agencies for operating expenses. Local money is advanced to the fund, approximately 80% of which is reimbursed to the local unit by the federal government. The financing accounted for in this fund consists of federal and local money, and no State funds are involved.

CONTRIBUTION FUND (SOCIAL SECURITY)

The function of this fund is to account for monies provided for social security coverage of employees of the State of Michigan and its political subdivisions. The fund, established by P.A. 205 of 1951, is administered by the State Employees' Retirement Board. Social Security reports and contributions by the employee and the employer are reported to the board. The various reports and contributions are recapped and forwarded to the Federal Social Security Administration.

Federal legislation was passed amending section 218 of the Social Security Act which required the State to cease collection of contributions before January 1, 1987. The statute of limitations for completion of any adjustment processing is set at three years after audit of activity through December 31, 1986. At that time, the fund and its purpose will become obsolete.

STATE EMPLOYEES' DEFERRED COMPENSATION FUND I (457)

The State Employees' Deferred Compensation Fund I (457) was administratively established to account for a deferred compensation plan which permits all State employees to defer a portion of their income until future years. The plan is administered by the Department of Civil Service. Employee contributions to the fund are recognized as increases to assets and liabilities. Benefits paid and administrative costs decrease assets and liabilities. Administrative costs are appropriated in the General Fund and are reimbursed by this fund. A footnote to the General Purpose Financial Statements, titled "Deferred Compensation Plans," includes additional information on the plan.

HAZARDOUS AND SOLID WASTE DISPOSAL FACILITIES CLOSURE GUARANTEE FUND

This fund was authorized by P.A. 641 of 1978, as amended, and P.A. 64 of 1979 to account for cash bonds posted by applicants desiring licenses to operate hazardous and solid waste disposal areas. In accordance with P.A. 641 of 1978, as amended, interest earnings up to 6% are credited to the applicant's account. This act also specifies the circumstances under which the director of the Department of Natural Resources is authorized to use the deposits to close and maintain a facility or return the deposit upon the operator's satisfactory closure and maintenance of the facility.

INSURANCE CARRIER DEPOSITS FUND

This fund was administratively established to account for deposits held by the State Treasurer on behalf of insurance carriers who operate in this State and are required by P.A. 218 of 1956, as amended, to provide such deposits. Additional deposits, related to insurance companies in receivership, are held under the control of the Insurance Bureau of the Department of Licensing and Regulation. All deposits are in the form of various securities and other acceptable assets. This fund was administratively established to account for deposits held by the State Treasuren on Behalf 💦

STATE OF MICHIGAN DESCRIPTIONS OF AGENCY FUNDS (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989

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FINANCIAL INSTITUTION DEPOSITS FUND

This fund was administratively created as of October 1, 1988. It is used to account for security deposits held by the State Treasurer on behalf of banks which operate trust departments. Deposits are in the form of securities or other acceptable assets.

MICHIGAN STATE HOSPITAL FINANCE AUTHORITY DEFEASED BONDS FUND

This fund was administratively created as of October 1, 1988 to account for investments held in escrow by the State Treasurer as fiscal agent for hospitals which have defeased Michigan State Hospital Finance Authority bonds.

STATE OF MICHIGAN COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES — AGENCY FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

RECEIPTS CLEARING FUND	00	ALANCE TOBER 1, 1988	_AD	DITIONS	_DE	DUCTIONS_	SEP	ALANCE TEMBER 30, 1989
ASSETS Current Assets: Cash and cash equivalents		3,471 499		<u>-</u>	\$	3,471 499	\$	<u>-</u>
Total Assets	\$	3.971	<u></u>		<u>s</u>	3.971	\$	-0-
LIABILITIES Current Liabilities: Liability to Common Cash		2,726 289 875 80	\$	- - -	\$	2,726 289 875 80	•	<u>-</u> - -
Total Liabilities	<u>\$</u>	3,971	<u>\$</u>		<u>s</u>	3,971	<u>\$</u>	-0-
METROPOLITAN PLANNING FUND								
ASSETS Current Assets: Equity in Common Cash		383	-	2,378 198	\$	2,400 <u>383</u>	<u>\$</u>	85 198
Total Assets	\$	491	\$	2,576	\$	2,783	\$	284
LIABILITIES Current Liabilities: Warrants outstanding				24 2.177 2.201	_	2.408 2.408	<u>\$</u>	28 256 284
CONTRIBUTION FUND (SOCIAL SECURITY)								
ASSETS Current Assets: Equity in Common Cash	<u>s</u>	2.396	<u>\$</u>	2.896	<u>\$</u>	5,152	<u>\$</u>	140
Total Assets	<u>\$</u>	2,396	5	2,896	<u>\$</u>	5.152	<u>\$</u>	140
LIABILITIES Current Liabilities: Warrants outstanding	\$	1 2.395	\$	2.886	\$:	5.141	\$	140
Total Liabilities	\$	2.396	٤	2.886	٤	5,142	<u>s.</u>	140

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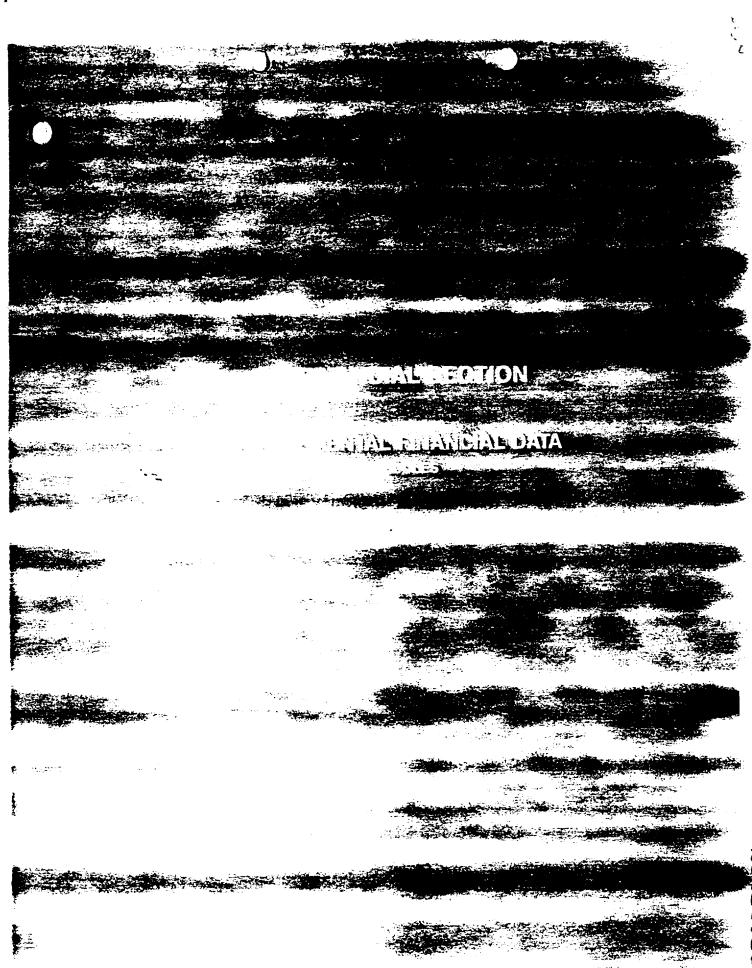
STATE OF MICHIGAN COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES — AGENCY FUNDS (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

STATE EMPLOYEES DEFERRED COMPENSATION FUND I (457)		BALANCE DCTOBER 1, 1988	_A[DITIONS	_01	EDUCTIONS	SEF	SALANCE PTEMBER 30, 1989
ASSETS								
Current Assets:		•						
Equity in Common Cash		466	\$ 	263,080 2,570	\$	466	\$	2.570
Total Current Assets		19,628		265,650		181,098		104,180
Investments				300.575		264.031	_	729,822
Total Assets	\$_	712.907	\$_	566,226	\$_	445,129	<u>\$_</u>	834.003
LIABILITIES		•						
Current Liabilities:								
Warrants outstanding			\$	56	\$	-	\$	7.5
Accounts payable and other liabilities Total Current Liabilities		<u>3</u> 22		56			_	2
long_Term liabilities				30		-		76
Other long-term liabilities		712.884		163,188		42.148	_	833.925
Total Liabilities	\$	712.907	<u>\$_</u>	163,245	<u>\$_</u>	42,148	\$_	834,003
HAZARDOUS AND SOLID WASTE DISPOSAL FACILITIES CHOSURE GUARANTEE FUND								
ASSETS								
Current Assets: Equity in Common Cash	\$	191	\$	1,078 22	\$	19 3	\$	1,250 22
Total Assets	<u>s</u> _	195	\$	1.100	<u>s_</u>	23.	\$	1.273
LIABILITIES Current Liabilities: Accounts payable and other liabilities	.	195	s _	1.077	<u></u>		\$	1.273
Total Liabilities	<u>\$</u>	195	٤_	1.077	\$_		<u>\$_</u>	1.273
INSURANCE CARRIER DEPOSITS FUND								
ASSETS								
Current Assets:								
Equity in Common Cash			\$	13.253	\$_	14,391	\$_	1.042
Total Current Assets		2,180		13,253		14,391		1,042
Other noncurrent assets		284.656		33.225		7.649		310.232
Total Assets	\$	286,836	<u>s_</u>	46,479	<u>\$</u>	22,040	<u>s</u>	31.1.275
LIABILITIES								
Current Liabilities:								6.3
Warrants outstanding	\$	_	\$	33	\$.	\$.	33
Accounts payable and other liabilities	\$			9.653		9,649		
Total Current Uiabilities		5		9,686		9,649		42
Other long-term liabilities		286.831		36.825		12,424		311.232
Total tiabilities	\$_	286.836	2_	46.512	\$	22.073	<u>s_</u>	311,275

Continued on next page.

STATE OF MICHIGAN COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES — AGENCY FUNDS (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

### ASSETS Other Moncurrent Assets. \$ _ 0_		BALANCE OCTOBER 1, 1988	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30,
Total Assets	FINANCIAL INSTITUTION DEPOSITS FUND	•			
LIABILITIES Long-Term Liabilities:		<u> </u>	\$ 28.070	<u>s -</u>	\$ 28.070
Content Cont	Total Assets	\$0_	\$ 28,070	<u> </u>	\$ 28,070
MICHIGAN STATE HOSPITAL FINANCE AUTHORITY DEFEASED BONDS FUND	Long-Term Liabilities:	<u>s </u>	\$ 28.070	<u>\$</u>	\$ 28.070
ASSETS Current Assets: Cash and cash equivalents. Sample	Total Liabilities	<u>\$ -0-</u>	\$ 28,070	<u>s -</u>	\$ 28,070
Current Assets: Cash and cash equivalents. Cash and cash	MICHIGAN STATE HOSPITAL FINANCE AUTHORITY DEFEASED BONDS	FUND			
Cash and cash equivalents \$ 18		(RESTATED)*			
Other noncurrent assets. 799.618 600.055 395.404 1.004.269 Total Assets. \$ 820.532 \$ 11.616.510 \$ 1.403.371 \$ 1.023.673 LIABILITIES Long-Term Liabilities: Other long-term liabilities. \$ 820.532 \$ 365.586 \$ 152.445 \$ 1.033.673 Total Liabilities. \$ 820.532 \$ 365.586 \$ 152.445 \$ 1.033.673 TOTALS - ALL AGENCY FUNDS ASSETS Current Assets: Cash and cash equivalents. \$ 3.489 \$ 939.592 \$ 938.910 \$ 4,172 Equity in Common Cash 24.032 222.666 202.596 104.129 Amounts due from other funds 470 2,593 470 2,593 Amounts due from Other funds 333 198 333 198 Other current assets 21.395 76.863 73.028 25.231 Total Current Assets 49.777 1.301.934 1.215.388 136.325 Investments 693.279 300.575 264.031 729.822 Other noncurrent assets 1.084.274 661.351 403.053 1.342.	Cash and cash equivalentsOther current assets	20.896	76.863	72.529	\$ 25,231
Total Assets	Other noncurrent assets				
Cong-Term Liabilities: Security Securi	Total Assets	\$ 820.532	\$ 1,616,510	\$ 1,403,371	
Current Assets: Cash and cash equivalents. \$ 3,489 \$ 939,592 \$ 938,910 \$ 4,172	Long-Term Liabilities: Other long-term liabilities				
Current Assets: Cash and cash equivalents. \$ 3,489 \$ 939,592 \$ 938,910 \$ 4,172 Equity in Common Cash. 24,039 282,696 202,596 104,129 Amounts due from other funds. 470 2,593 470 2,593 Amounts due from federal agencies 383 198 383 198 Other current assets. 21,395 76,863 73,028 25,231 Total Current Assets. 49,777 1,301,934 1,215,388 136,325 Investments. 693,279 300,575 264,031 729,822 Other noncurrent assets 1,084,274 661,351 403,053 1,342,572 Total Assets. \$1,827,331 \$2,263,860 \$1,882,473 \$2,205,720 LIABILITIES Current Liabilities: \$2,726 \$- \$2,726 \$- Warrants outstanding. 314 113 290 137 Accounts payable and other liiabilities 3,962 15,795 18,075 1,651 Amounts due to other funds. 80 - 80 - - 80 - -	TOTALS - ALL AGENCY FUNDS				
Amounts due from federal agencies 383 198 383 198 Other current assets 21,395 76,863 73,028 25,231 Total Current Assets 49,777 1,301,934 1,215,388 136,325 Investments 693,279 300,575 264,031 729,822 Other noncurrent assets 1,084,274 661,351 403,053 1,342,572 Total Assets \$ 1,827,331 \$ 2,263,860 \$ 1,882,473 \$ 2,206,726 Liability to Common Cash \$ 2,726 \$ - \$ 2,726 \$ - Warrants outstanding 314 113 290 137 Accounts payable and other liabilities 3,962 15,795 18,075 1,683 Amounts due to other funds 80 - 80 - Iong-Term Liabilities 7,083 15,908 21,172 1,819 Long-Term Liabilities 1,820,247 593,671 207,017 2,206,901	Current Assets: Cash and cash equivalents	\$ 3,489 24,039	282,686	202,596	104,129
Other noncurrent assets 1.084,274 661,351 403.053 1.342,572 Total Assets \$ 1,827,331 \$ 2,263,860 \$ 1,882,473 \$ 2,05,720 LIABILITIES Current Liabilities: \$ 2,726 \$ - \$ 2,726 \$ - Liability to Common Cash \$ 314 113 290 137 Accounts outstanding 314 113 290 137 Accounts payable and other liabilities 3,962 15,795 18,075 1,683 Amounts due to other funds 80 - 80 - Total Current Liabilities 7,083 15,908 21,172 1,819 Long-Term Liabilities 1,820,247 593,671 207,017 2,206,901	Amounts due from federal agencies	383 21.395	198 76.863	383 73.028	198 25.231
LIABILITIES Current Liabilities: Liability to Common Cash. \$ 2,726 \$ - \$					
Current Liabilities: \$ 2,726 \$ - \$ 2,726 \$ - Liability to Common Cash. \$ 314 \$ 113 \$ 290 \$ 137 Accounts payable and other liabilities \$ 3,962 \$ 15,795 \$ 18,075 \$ 1,683 Amounts due to other funds 80 - 80 - 80 Total Current Liabilities 7,083 \$ 15,908 \$ 21,172 \$ 1,819 Long-Term Liabilities: 1,820,247 \$ 593,671 \$ 207,017 \$ 2,206,901	Total Assets	\$ 1,827,331	\$ 2,263,860	\$ 1,882,473	\$ 2,205,720
You have a same	Current Liabilities: Liability to Common Cash	314 3,962 80 7,083	113 15,795 	290 18,075 80 21,172	137- 1,683 - 1,819
	•			207.047 \$ 228(.190)	2.206.901 \$ 2.208.720



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STATE OF MICHIGAN

SCHEDULE OF GENERAL FIXED ASSETS ACCOUNT GROUP BY FUNCTION

SEPTEMBER 30, 1989

(In Thousands)

<u>FUNCTION</u>	LAND		EOUIPHENT	TOTAL
General government	315 1,934 13,723 113,676 683 22,261	\$ 242,192 12,359 120,122 603,666 51,362 18,221 255,590 55,320	\$ 77,608 9,163 63,560 84,404 58,442 40,697 27,408 81,961	\$ 351,009 21,838 185,618 701,794 223,481 59,602 305,260 141,039
Total general fixed assets allocated to functions		\$ 1,358,835	\$ 443,247	1,989,644
Total general fixed assets				\$ 2,230,183

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

FISCAL YEAR ENDED SEPTEMBER 30, 1989

(In Thousands)

FUNCTION	BALANCE SEPTEMBER 30, 1988:	,	ADDITIONS		DELETIONS	ANE	USTMENTS RECLASS— ICATIONS	_	BALANCE PTEMBER 30, 1989
General government	20,955 156,435 508,029 211,839 53,061 317,399	\$	33,406 1,245 43,952 31,210 9,266 11,614 11,572 9,557	\$	6,467 788 10,594 5,216 3,877 1,755 17,621 2,064	\$	42,987 424 (4,174) 167,770 6,253 (3,317) (6,091) (5,720)	\$	351,009 21,838 185,618 701,794 223,481 59,602 305,260 141,039
Total general fixed assets allocated to functions	1,688,071		151,827		48,385		198,131		1,989,644
Construction in progress	226,912	_	230,291	_			(216.664)		240.538
Total general fixed assets	\$ 1,914,983	<u>\$</u>	382,119	\$	48,385	\$	(18,533)	\$ 2	2,230,183

STATE OF MICHIGAN COMBINED SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES GENERAL AND SPECIAL REVENUE FUNDS — STATE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

SOURCE	TOTAL	GENERAL FUND	SPECIAL REVENUE FUNDS
TAXES	•		
Sales tax	\$ 2,615,208	\$ 1,004,320	\$ 1,610,888
Personal income tax	3.766.158	3,766,158	-
Corporation income tax	1,344	1.344	_
Single business tax	1.845.443	1.845.443	_
Use tax	475,855	475.855	_
Cigarette tax	267,016	245.654	21,361
Beer and wine tax	51,606	51,606	_
Liquor tax	60.184	40,138	20.045
Horse race wagering tax	20,785	20,785	_
Intangibles tax	118,060	118.060	_
Inheritance tax	103,884	103,884	_
Telephone and telegraph company tax	138,734	138,734	_
Insurance company taxes	76,601	76,601	-
Motor vehicle weight tax	397,038	_	397,038
Gasoline tax	633,953	8,946	625,006
Aviation fuel tax	5,605	_	5,605
Diesel fuel tax	54, 129	-	54,129
Gas and oil severance tax	43,248	43,248	_
Industrial facilities tax	73,802	<u>-</u>	73,802
Penalties and interest - various taxes	81,127	81,127	-
Convention hotel accommodation tax	10.713	10.713	_
Airport parking tax	7,439	7.439	_
Other taxes	2.951	1.996	954
	10,850,896	8,042,064	2,808,831
FROM FEDERAL AGENCIES			
Department of Health and Human Services	2,601,043	2,600,546	496
Department of Education	300,287	253,325	46,961
Department of Agriculture	237,831	237,831	-
Department of Labor	264,649	139,529	125,119
Department of Housing and Urban Development	29,613	29,613	_
Environmental Protection Agency	29,581	29,581	-
Department of Energy	12.895	12.895	_
Department of Transportation	325,020	7.273	317,747
Department of Interior	11, 125	8,857	2,267
Department of Defense	15.800	15,800	_
Department of Justice	8,262	8,262	_
Other federal agencies	25.656	23.805	1.851
	3,861,766	3,367,322	494,444
FROM LOCAL AGENCIES			
Counties	77,364	70,709	6,655
Cities, villages, and townships	19,548	19,537	10
Colleges and universities	5,511	5,511	-
School districts	6,469	6,469	-
Multi-level governmental units	14,984	1,426	13,557
Other local agencies	17.211	6.213	10.997
	141,089	109,868:	31,220

Continued on next page.

STATE OF MICHIGAN COMBINED SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES GENERAL AND SPECIAL REVENUE FUNDS — STATE FUNDS (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

SOURCE	TOTAL	GENERAL FUND	SPECIAL REVENUE FUNDS
FROM SERVICES			
Charges for furnishing vehicle driver records	\$ 23,592 69,557	\$ 23,592 69,557	\$ <u>-</u>
Other services	12.431 105,581	11.466 104,616	965 965
FROM LICENSES AND PERMITS			
Liquor retailers', manufacturers', and wholesalers'			
licenses	11,524	11,524	-
Motor vehicle operators' and chauffeurs' licenses Examination fees — financial institutions and	32,495	18,728	13,767
insurance industry Department of Licensing and Regulation licenses and	9,120	9, 120	-
permits	19,013	19,013	-
Concession and privilege fees - State parks	9,892	9,892	-
Motor vehicle related	69,823	7,418	62,405
Hunting, fishing, and trapping licenses	40,913	-	40,913
Public utility assessment fees	16,286	16,286	-
Department of Commerce licenses and permits	6,286	6,286	-
Department of Agriculture licenses and permits Auto repair facilities and mechanics licenses and fees	1,716	1,716	•••
Corporation franchise fees	3,163 6,726	3,163 6,726	-
Other licenses and permits	24.848	12.375	12,473
other receives and permitted the received th	251,810	122,251	129,559
MISCELLANEOUS			
Income from investments	100,610	9,528	91.081
Various fines, fees, and assessments	21,557	15,082	6,474
Court fines, fees, and assessments	18,237	18,237	
Oil and gas royalties, fees, assignments, and rentals	46,660	7,574	39,085
International Bridge Authority reimbursements	1,535	· -	1,535
Sale of forest products on tax reverted land	7,282	7 ,28 2	-
Child support	138,330	138,330	
Sale of land	3,040	1,164	1,876
Third party	4,287	4,287	10 400
Other	107.316 448,856	<u>87.817</u> 289,304	<u>19,498</u> 159,551
Total Revenues	15.660.001	_12.035.428_	_ 3.624.573
OTHER FINANCING SOURCES			
Proceeds from bond issues and bond anticipation notes	3,400	_	2 404
Capital lease acquisitions Operating transfers in:	57,249	55,034	3,400 2,215
from general and special revenue funds	1,196,020	174,709	1,021,311
From Liquor Purchase Revolving Fund	63,365	63,365	-,04,071
From State Lottery Fund	484,969	1,008	483,961
From Escheats Fund	15,031	15,031	***
From Gifts, Bequests, and Deposits Investment Fund	23,674	22,378	1,295
From State Building Authority	14,078	14,078	_
From other funds	19,403	<u>13.638</u>	5.765
Total Other Financing Sources	<u>1.877.192</u>	359,244	1.517.948
Total Revenue and Other Financing Sources	\$17.537.194	\$12,394,672	\$ 5,142,521

STATE OF MICHIGAN SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES GENERAL FUND FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

		GENERAL	RESTRICTED
SOURCE	TOTAL	PURPOSE	REVENUES
<u> </u>			ALTEMOLD
TAXES			
Sales tax	\$ 1,004,320	\$ 601,950	\$ 402,370
Personal income tax	3,766,158	3,420,975	345,183
Corporation income tax	1,344	1,344	· -
Single business tax	1,845,443	1,554,011	291,431
Use tax	475,855	472,536	3,319
Cigarette tax	245 ,654	202,933	42,721
Beer and wine tax	51,606	51,606	_
Liquor tax	40,138	20,090	20,048
Horse race wagering tax	20,785	1,189	19,596
Intangibles tax	118,060	108,555	9,505
Inheritance tax	103,884	103,884	-
Telephone and telegraph company tax	138,734	138,734	-
Insurance company taxes	76,601	76,601	2 246
Gasoline tax	8,946	42.046	8,946
Gas and oil severance tax	43,248	43,246	2 740
Penalties and interest - various taxes	81,127	78,377	2,749
Convention hotel accommodation tax	10,713	-	10,713
Airport parking tax	7,439 1,996	1.771	7,439 225
Other taxes	8,042,064	6.877.809	1,164,254
	0,042,004	0,077,009	1,,104,,234
FROM FEDERAL AGENCIES			
Department of Health and Human Services	2,600,546	26,330	2,574,216
Department of Education	253,325	654	252,671
Department of Agriculture	237,831	847	236,984
Department of Labor	139.529	1,164	138,365
Department of Housing and Urban Development	29,613	· -	29,613
Environmental Protection Agency	29,581	22	29,558
Department of Energy	12,895	7. 1i	12,823
Department of Transportation	7,273	12	7,261
Department of Interior	8,857	26	8,831
Department of Defense	15,800	43	15,757
Department of Justice	8,262	32	8,229
Other federal agencies	23.805	<u>8.631</u>	15.174
	3,367,322	37,836	3,329,486
FROM LOCAL ACENCIES			
FROM LOCAL AGENCIES	70.709	7,133	63.576
Counties	19,537	7, 133 240	19,297
Colleges and universities	5.511	240	5,511
School districts	6.469	91	6.377
Multi-level governmental units	1.426	87	1,339
Other local agencies	6,213	47	6,166
voice total agencies	109,868	7,599	102,268
	., -	•	,
FROM SERVICES			
Charges for furnishing vehicle driver records	23,592	2,082	21,509
Revenue for patient, ward, and inmate came	69,557	93	69,464
Other services	111,466	476	10.989
	104,616	2,653	101,963

STATE OF MICHIGAN SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES GENERAL FUND (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

SOURCE	TOTAL	GENERAL PURPOSE	RESTRICTED REVENUES	
FROM LICENSES AND PERMITS				
Liquor retailers', manufacturers', and wholesalers!				
licenses	\$ 11,524	\$ -	\$ 11,524	
Motor vehicle operators' and chauffeurs' licenses Examination fees — financial institutions and	18,728	2,108	16,619	
insurance industry Department of Licensing and Regulation licenses and	9,120	2	9,118	
permits	19,013	10,761	8,251	
Concession and privilege fees - State parks	9,892	-	9,892	
Motor vehicle related	7,418	-	7,418	
Public utility assessment fees	16,286	-	16,286	
Department of Commerce licenses and permits	6,286	88	6,197	
Department of Agriculture licenses and permits	1,716	478	1,238	
Auto repair facilities and mechanics licenses and fees	3,163	572	2,590	
Corporation franchise fees	6,726	159	6,567	
Other licenses and permits	12.375	2,707	9.667	
	122,251	16,878	105,373	
HISCELLANEOUS				
Income from investments	9,528	7,154	2,374	
Various fines, fees, and assessments	15,082	1,850	13,231	
Court fines, fees, and assessments	18,237	7,236	11,000	
Oil and gas royalties, fees, assignments, and rentals	7,574	· -	7,574	
Sale of forest products on tax reverted land	7,282	_	7,282	
Child support.	138,330	_	138,330	
Sale of land	1,164	1,051	112	
Third party	4,287	_	4,287	
Other:	87,817	37.458_	50.359	
	289,304	54,752	234,552	
Total Revenues	12.035.428	6.997.529	<u> 5.037.898</u>	
OTHER FINANCING SOURCES				
Capital lease acquisitions Operating transfers in:	55,034	55,034	-	
From special revenue funds	174,709	678:	174,031	
From Liquor Purchase Revolving Fund	63,365	48,073	15,291	
From State Lottery Fund	1,008	806	201	
Firom Escheats Fund	15,031	15,031	_	
From Gifts, Bequests, and Deposits Investment Fund	22,378	371	22,006	
From State Building Authority	14,078		14,078	
From other funds	13.638	518_	13.119	
Total Other Financing Sources	359.244	120.513	238,730	
Total Revenue and Other Financing Sources (GAAP)	12.394.672	7.118.043	5,276,629	
BUDGETARY BASIS ADJUSTMENTS Capital lease acquisitions	(55.034)	(55.034)		
Total Revenue and Other Financing Sources				
(budgetary basis)	\$ 12.339.638	\$ 7.063.008	\$ 5,276,629	

STATE OF MICHIGAN SOURCE AND DISPOSITION OF GENERAL FUND AUTHORIZATIONS FISCAL YEAR ENDED SEPTEMBER 30, 1989 (In Thousands)

BRANCH AND DEPARTMENT	CURRENT LEGISLATIVE APPROPRIATION	UNEXPENDED BALANCES FROM PRIOR YEARS	RESTRICTED REVENUE ADDITIONS	BUDGETARY TRANSFERS IN (OUT)	GROSS AUTHORIZATIONS
Legislative Branch	\$ 107,507	\$ 17,751	\$ 4,655	\$ 558	\$ 130,474
Judicial Branch	105,465	880	36,758	20	143,125
Executive Office	4,027	4	_		4,031
Management and Budget	240.384	167,141	1,106,355	(27,58 0)	1,486,301
Attorney General	23,085	137	6,957	8	30,188
Civil: Rights	11,154	34	1,402	_	12,592
Civil Service	13,558	1,552	6,136	-	21,247
State	19,918	2,775	93,329	-	116,024
Treasury	97,138	18,643	102,056	-	217,838
Education	616,264	3,953	466,438	319	1,086,975
Grants to Colleges and Universities	1,275,627	36,348	-	17,068	1,329,044
Public Health	132,892	21,823	209,910	507	365,133
Mental Health	836,519	36,464	315,886	3,969	1,192,840
Social Services	2,303,570	39,606	2,369,575	714.	4,713,467
Corrections	666,468	89,458	31,417	2,504	789,849
Military Affairs	12,629	7,106	12,558	375	32,668
State Police	171,076	19,360	37,605	1,232	229,274
Commerce	103,489	20,966	94,657	(778):	218,335
Labor	80,732	37,501	193,937	(48):	312,122
Licensing and Regulation	13,028	756	10,949	-	24,734
Natural Resources	120,332	76,038	142,465	709	339,546
Agriculture	28,862	11,332	33,573	419	74,188
Items Not Assigned to Departments					
TOTAL	\$ 6,983,734	\$ 609,640	\$ 5.276.629	<u> </u>	\$12,870,004

Restricted revenue balances forward in the Variances category represents restricted revenue carry—overs that could have been used in the current period but were not.

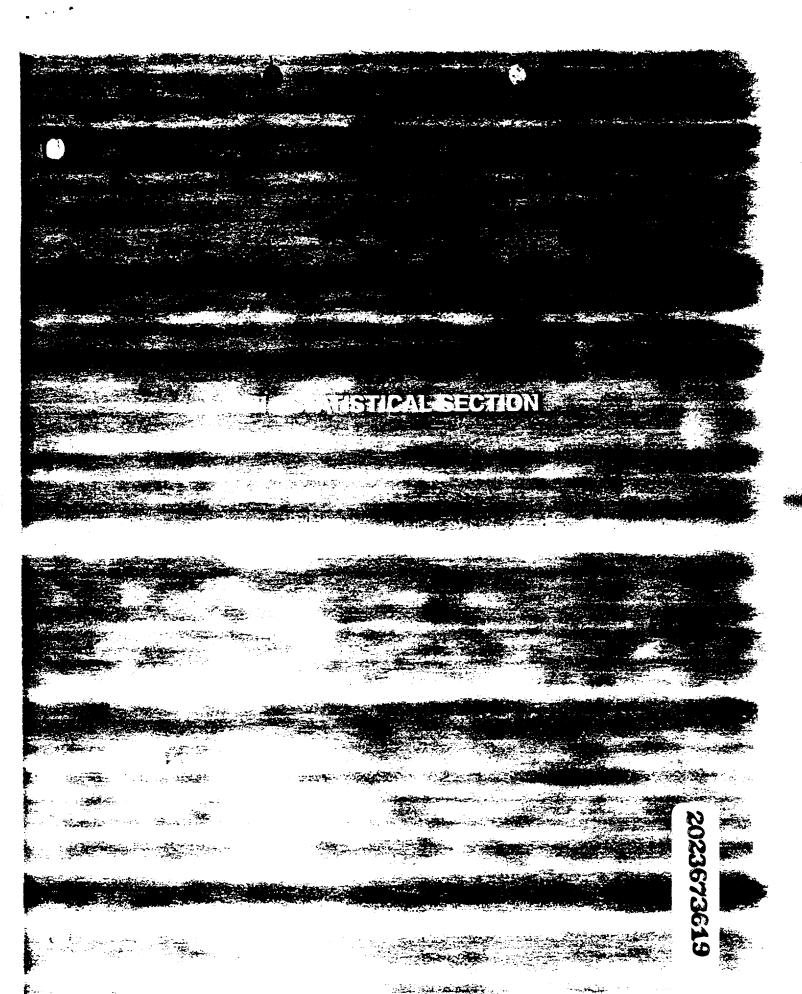
NOTE: This schedule was prepared on the Statutory/Budgetary basis.

^{*}Unused spending authority which does not lapse has been broken into two categories:

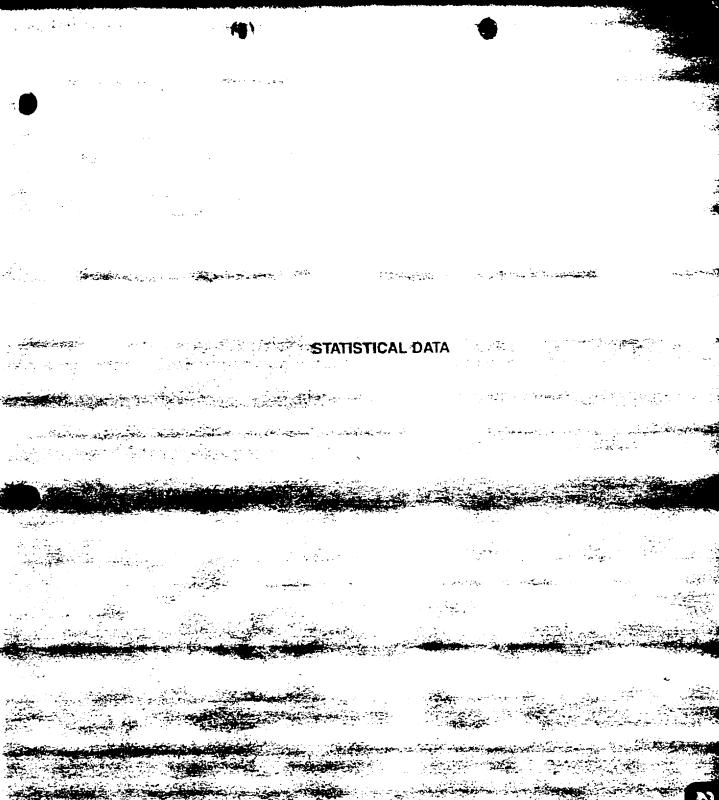
	"BUDGET"	"ACTU	IAL"	*FAVORABLE	VARIANCES"	"UNFAVORABLE VARIANCES"
: TIMING ERENCES*	AS PRESENTED IN STATEMENTS	EXPENDED AND TRANSFERRED	ENCUMBERED BALANCES FORWARD	RESTRICTED REVENUE BALANCES FORWARD*	LAPSED	OVER EXPENDED
\$ 13,869 661	\$ 116,605 142,463	\$ 110,729 140,905	\$ 3,130 1,443	\$ 1,888 -	\$ 946 114	\$ 89
- 192,133 14	4,031 1,294,167 30,173	3,777 1,285,786 29,570	1,477 71	3,251	253 3,663 531	9
169 1,638	12,422 21,247 114,385	12,132 19,430 110,295	40 533 1,491	- 1,509	250 1,283 1,089	- - -
26,367 6,023 34,978	191,471 1,080,952 1,294,065	181,605 1,077,101 1,293,718	1,908 967 105	1,210 - -	6,747 3,005 242	123
6,286 27,574 35,698	358,847 1,165,266 4,677,769	351,061 1,172,846 4,690,297	7,216 3,505 14,475	54 3,673 -	4,566 12,710 39,298	4,051 27,469 66,301
109,224 5,142 17,883	680,624 27,526 211,390	687,449 25,166 205,479	2,155 445 1,184	7 1,320 1,449	1,093 611 3,452	10,081 17 175
13,253 6,014	205,081 306,108 24,734	187,024 274,880 23,857	15,206 19,086 444	140 9,430 44	2,711 3,474 391	763 4
56,885 5,466	282,660 68,721	248,533 59,686 14,667	17,060 3,466	10,934 4,464	6,781 1,108	650 3 14,667
\$ 559.286	\$12,310,718	\$12,206,002	\$ 95,418	\$ 39,381	\$ 94.326	\$ 124,411

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STATE OF MICHIGAN REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION

LEGISLATIVE RETIREMENT SYSTEM
LAST FIVE YEARS
SEPTEMBER 30, 1989
(In Millions)

I Analysis of Funding Progress

Fiscal <u>Year</u>	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	\$39.2	\$41.2	95.1%	\$2.0	\$4. 9	40.8%
1985-1986	43.4	44.8	96.9	1.4	5.4	25.9
1986-1987	49.4	53.0 .	93.2	3.6	5.7	63.2
1987-1988	51.5	57.1	90.2	5.5	5.9	93.2
1988-1989	56.7	63.2	89.6	6.5	6.3	103.5

II Revenues by Source and Expenses (and Operating Transfers Out) by Type

_ R	ev	eni	Jes	Вν	Sou	rce

			Emplo	utions				
Fiscal		loyee butions Insur.	Dollar	Amount	Pensions as % of Covered	Investment	Other	
Year	Pensions	<u>Benefits</u>	<u>Other</u>	<u>Pensions</u>	Payrol1	Income	Income	Total
1984-1985	\$.2	\$.1	\$.9	\$1.4	28.6%	\$3.9	\$.1	\$6.3
1985-1986	.3	.1	.9	1.5	27.8	3.6	-	6.4
1986-1987	.3	.1	1.0	1.6	28.1	5.5	.1	8.6
1987-1988	.5	.1	.9	1.9	31.8	1.9	-	5.3
1988-1989	.4	.1	.9	2.2	34.9	4.9	.2	8.6

Expenses (and Operating Transfers Out) By Type

Fiscal <u>Year</u>	Benefits	Administration Expenses	Refunds	Other	Total
1984-1985	\$2.0	\$.1	\$ -	\$ -	\$ 2.1
1985-1986	2.0	.2	-	_	2.2
1986-1987	2.3	.3	-	-	2.6
1987-1988	2.8	.3	. <u>-</u>	-	3.2
1988-1989	3.1	.3	_	-	3.4

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type. Contributions were made in accordance with actuarially determined contribution requirements unless specifically identified.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.

STATE OF MICHIGAN REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION STATE POLICE RETIREMENT SYSTEM LAST FIVE YEARS SEPTEMBER 30, 1989 (In Millions)

I Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	\$234.3	\$339.7	70.0%	\$105.4	\$ 69.4	151.9%
1985– 1928	276.7	367.9	75.2	91.2	74.0	123.2
1986-1987	326.2	415.3	78.5	89.1	77.4	115.1
1987-1988	351.3	434.9	80.8	83.6	82.3	101.6
1988-1989	385.4	465.4	82.8	80.0	85.9	93.1

Revenues By Source

II Revenues by Source and Expenses (and Operating Transfers Out) by Type

		Emplo	tions				
Fiscal <u>Year</u>	Employee Contributions		Amount Pensions	Pensions as % of Covered Payroll	Investment Income	Other Income	Total
1984-1985	\$; -	\$ ¹	\$19.4	28.0%	\$21.8	\$ -	\$41.2
1985-1986	-	-	15.6	21.1	32.5	-	48.1
1986-1987	.1	-	19.6	25.3	45.4	-	65.1
1987-1988	-	-	16.6	20.1	26.3	_	42.9
1988-1989	.1	3.5	16.2	18.9	35.0	-	54.8

		Expenses (and Operating Transfers Out) By Type						
Fiscal Year	<u>Benefits</u>	Administration Expenses	Refunds	Other	Total			
1984-1985	\$12.0	\$.1	\$ -	\$ -	\$12.1			
1985-1986	12.4	.2	-	-	12.6			
1986-1987	15.3	.3	-	-	15.5			
1987-1988	17.6	.3	-	-	17.8			
1988-1989	20.5	.2	-	-	20.7			

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents nevenues by source and expenses by type. Contributions were made in accordance with actuanially determined contribution requirements unless specifically identified.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.



STATE OF MICHIGAN REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION STATE EMPLOYEES' RETIREMENT SYSTEM LAST FIVE YEARS

LAST FIVE YEARS SEPTEMBER 30, 1989 (In Millions)

I Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded (Assets in Excess of) Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	\$2,349.5	\$2,480.8	94.7%	\$131.3	\$1,516.0	8.7%
1985-1986	2,668.6	2,641.0	101.0	(27.6)	1,643.3	(1.7)
1986-1987	3,105.2	3,088.6	100.5	(16.6)	1,820.8	(.9)
1987-1988	3,383.2	3,386.8	99.9	3.6	1,945.7	.2
1988-1989	3,655.1	3,785.9	96.5	130.8	2,059.0	6.4

II Revenues by Source and Expenses (and Operating Transfers Out) by Type

Re	venue	s Bv	Sou	rce
-NE	LEHME			

	Employer Contributions									
Fiscal Year	Employee Contributions	<u>Dollar</u> Health Benefits	Amount Pensions	Pensions as % of Covered Payroll	Investment <u>Income</u>	Other Income	Total_			
1984-1985	\$1.4	\$ 32.2	\$188.4	12.4%	\$213.6	\$ -	\$435.6			
1985-1986	1.7	32.0	197.8	12.0	306, 1	-	537.6			
1986-1987	2.4	31.9	195.8	10.8	434.6	-	664.6			
1987-1988	4.5	36.8	161.7	8.3	257.9	-	460.9			
1988-1989	3.1	52.8	109.2	5.3	340.9	_	506.1			

Expenses	Land One	rating	Transfore	Out) By	Tune
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Fiscal <u>Year</u>	Benefits	Administration Expenses	<u>Refunds</u>	<u>Other</u>	Total
1984-1985	\$152.4	\$2.4	\$.2	\$ -	\$155.0
1985-1986	215.8	2.4	.3	-	218.5
1986-1987	225.4	2.5	.2	-	228.1
1987-1988	180.1	2.6	.2	-	182.9
1988-1989	231.5	2.5	.2	_	234.2

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type. Contributions were made in accordance with actuarially determined contribution requirements unless specifically identified.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.

STATE OF MICHIGAN REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM LAST FIVE YEARS SEPTEMBER 30, 1989 (In Millions)

I Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	\$ 7,908.1	\$ 9,621.0	82.2%	\$1,712.9	\$4,220.3	40.6%
1985-1986	8,890.6	10,525.6	84.5	1,635.0	4,561.4	35.8
1986-1987	10,178.5	13,021.9	78.2	2,843.3	4,749.9	59.9
1987-1988	11,142.3	14,679.1	75.9	3,536.8	5,274.2	67.1
1988-1989	12,251.4	16,769.2	73.1	4,517.9	5,399.3	83.7

II Revenues by Source and Expenses (and Operating Transfers Out) by Type

	Revenues By Source								
Fiscal <u>Year</u>	Employee <u>Contributions</u>		ver Contribu Amount Pensions	Pensions as % of Covered Payroll	Investment <u>Income</u>	Other <u>Income</u>	Total		
1984-1985	\$ 6.0	\$ -	\$532.7	12.6%	\$ 715.3	\$	\$1,254.0		
1985-1986	16.8	158.9	408.9	9.0	1,028.1	-	1,612.8		
1986-1987	100.4	133.9	381.6	8.0	1,472.0	-	2,087.8		
1987-1988	141.6	87.7	509.4	9.7	851.7	-	1,590.4		
1988-1989	157.3	122.6	443.7	8.2	1,137.1	-	1,860.7		

Expenses (and Operating Transfers Out) By Type

<u>Benefits</u>	Administration Expenses	Refunds	Other				
\$371.0	\$6.3	\$2.2	\$ -	\$379.5			
621.0	7.5	1.8	-	630.3			
791.2	7.2	1.5	-	799.9			
616.9	8.2	1.6	-	626.6			
742.0	8.3	1.4:	-	751.7			
	\$371.0 621.0 791.2 616.9	Benefits Administration Expenses \$371.0 \$6.3 621.0 7.5 791.2 7.2 616.9 8.2	Benefits Administration Expenses Refunds \$371.0 \$6.3 \$2.2 621.0 7.5 1.8 791.2 7.2 1.5 616.9 8.2 1.6	Benefits Administration Expenses Refunds Other \$371.0 \$6.3 \$2.2 \$ - 621.0 7.5 1.8 - 791.2 7.2 1.5 - 616.9 8.2 1.6 -			

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type. Contributions were made in accordance with actuarially determined contribution requirements unless specifically identified.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.

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STATE OF MICHIGAN REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION PROBATE JUDGES' RETIREMENT SYSTEM LAST FIVE YEARS SEPTEMBER 30, 1989 (In Millions)

I Analysis of Funding Progress

Fiscal <u>Year</u>	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	\$11.8	\$16.3	72.4%	\$4.5	\$4.2	107.1%
1985-1986	13.2	17.6	75.0	4.4	4.1	107.3
1986-1987	15.0	19.9	75.4	4.9	4.7	104.3
1987-1988	15.8	21.1	74.9	5.3	4.5	117.7
1988-1989	16.7	22.1	75.7	5.4	3.9	138.5

Revenues By Source

II Revenues by Source and Expenses (and Operating Transfers Out) by Type

		Employer	Contributions		**	
Fiscal Year	Employee Contributions	Dollar Amount	% of Covered Payroll	Investment 	Other Income	Total
1984-1985	\$.2	\$.8	19.0%	\$ 1.1	\$ -	\$ 2.0
1985-1986	.2	.8	19.5	1.4	-	2.4
1986–1987	.1	.8	17'.0	2.1	-	3.0
1987-1988	.1	.8	17.8	1.1	-	2.0
1988-1989	.1	.7	18.7	16	-	2.4
		Expense	s (and Operating	Transfers_Out) B	y Type	

	CAPERISES TRUE OPERALING IT AUSTELS VOLV BY THE								
Fiscal Year	Benefits	Administration Expenses	Refunds	Other	Total				
1984-1985	\$.8	\$ -	\$ -	\$ -	\$.8				
1985-1986	.9	. 1.	· •	· -	1.0				
1986-1987	1.0	.1	-	-	1.1.				
1987-1988	1.2	.1.	-	-	1.3				
1988-1989	1.4	.1	-	-	14.5				

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type. Contributions were made in accordance with actuarially determined contribution requirements unless specifically identified.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.

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STATE OF MICHIGAN REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION JUDGES' RETIREMENT SYSTEM

LAST FIVE YEARS SEPTEMBER 30, 1989 (In Hillions)

I Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	\$ 64.2	\$ 85.6	75.0%	\$21.4	\$25.6	83.6%
1985-1986	75.5	93.3	80.9	17.8	27.4	65.0
1986-1987	90.2	112.9	79.9	22.7	31.1.	73.0
1987-1988	100.4	124.1	80.9	23.7	34.1	69.5
1 988 –1989	113.1	133.3	84.8	20.2	37.1	54.4

II Revenues by Source and Expenses (and Operating Transfers Out) by Type

Re	venues	Ву	Sout	.ce

		Employer	Contributions			
Fiscal <u>Year</u>	Employee Contributions	Dollar Amount	% of Covered Payroll	Investment <u>Income</u>	Other <u>Income</u>	
1984-1985	\$1.7	\$6.2	24.2 %	\$ 5.7	\$: -	\$13.6
1985-1986	1.8	6.8	24.8	8.3	-	16.8
1986-1987	2.0	6.9	22.2	12.3	-	211.3
1987-1988	2.2	6.0	17.1	7.4	-	15.5
1988-1989	2.3	6.5	17.6	10.0	_	18.9

Expenses	(and	Operation	Transfore	Out Y	By Tuna	
cxpenses	1 and	Uperating	iransters	UUC)	DV IVDE	

Fiscal <u>Year</u>	Benefits	Administration Expenses	Refunds	Other	Total
1984-1985	\$3.8	\$.1	. \$ -	\$1.8	\$5.8
1985-1986	3.8	.1	-	1.6	5.4
1986-1987	5.0	.2	-	1.4	5.7
1987-1988	5.1	.2	-	-	5.4
1988-1989	5.8	.2	.1	-	6.1

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type. Contributions were made in accordance with actuarially determined contribution requirements unless specifically identified.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.

*at cost

STATE OF MICHIGAN REVENUE, BOND PROCEEDS, AND CAPITAL LEASE ACQUISITIONS GENERAL AND SPECIAL REVENUE FUNDS — STATE FUNDS LAST TEN YEARS SEPTEMBER 30, 1989 (In Thousands)

SOURCE	1979-1980	1980-1981	1981-1982	1982-1983
TAXES: Sales Personal Income Single Business	\$ 1,503,972 1,912,044 1,076,010	\$ 1,594,970 2,036,016 942,249	\$ 1,570,630 2,162,858 943,148	\$ 1,698,983 2,770,377 1,041,745
Use TaxLiquor, Beer, Wine, and Cigarette Tax Telephone and Telegraph Company Tax	232,319 229,104 93,828	245,689 243,254 98,773	247,358 279,778 105,195	279,516 331,975 107,984
Insurance Company Taxes Motor Vehicle and Fuel Tax Other Taxes	148,569 713,455 217,094	110,972 652,121 	104,253 671,429 	101,573 704,118 301,159
TOTAL TAXES	6,126,400	6,195,020	6,371,191	7,337,434
FEDERAL AGENCIES	2,452,370	2,602,459	2,635,608	2,770,046
LOCAL AGENCIES	52,137	71,149	119,144	140,48°
SERVICES	50,039	55,827	59,779	62,511
LICENSES AND PERMITS	118,772	126,897	123,053	129,253
MISCELLANEOUS	229.929	229.039	195.383	142,791
TOTAL REVENUE	9.029.649	9.280.393	9.504.160	10.582.524
PROCEEDS FROM BOND ISSUES	106,329	64,010	-	132,186
CAPITAL LEASE ACQUISITIONS		<u> </u>		
TOTAL REVENUE, BOND PROCEEDS, AND CAPITAL LEASE ACQUISITIONS	\$ 9.135.978	\$ 9.344,403	\$ 9,504,160	\$10.714.710

NOTES: This schedule was prepared on the Statutory/Budgetary basis for years prior to 1981-82, and on the Generally Accepted Accounting Principles (GAAP) basis for years subsequent to 1980-81.

The recording of capital lease acquisitions began in 1984-85 and prior year amounts are not available.

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1983-1984	1984_1985	1985-1986	1986_1987	1987-1988	1988-1989
\$ 1,924,996 3,189,705 1,280,547	\$ 2,142,624 3,311,680 1,378,424	\$ 2,283,138 3,153,952 1,526,598	\$ 2,348,446 3,350,297 1,497,622	\$ 2,474,963 3,573,727 1,828,702	\$ 2,615,208 3,766,158 1,845,443
317,332 331,881 1:13,073	341,400 334,530 110,236	390,839 330,842 116,880	397,800 332,528 122,801	418,969 377,401 128,589	475,855 378,806 138,734
103,41/1 828,555 316,232	116,994 981,431 240,704_	148,551 1,004,476 315,524	140,093 1,024,709 <u>377,432</u>	43,881 1,049,558 389,746	76,601 1,090,727 463,359
8,405,736	8,958,026	9,270,804	9,591,730	10,285,539	10,850,896
3,030,149	3,190,771	3,498,625	3,613,402	3,714,726	3,861,766
122,772	118,064	127,566	134,251	151,811	141,089
53,625	92,459	112,844	101:,040	103,565	105,581
137,557	147,879	151,617	175,572	216,490	251,810
220,590	314.287	445.957	392,736	382.518	448.856
11.970.430	12.821.486	13.607.416	14.008.735	14.854.652	15.660.001
107,714	32,875	7,518	-	300	3,400
	25.071	9,100	12,246	<u>26.490</u>	57.249
\$12.078,144	\$12.879.434	\$13.624.035	\$14.020.981	\$ 14,881,443	\$15.720,651

STATE OF MICHIGAN SCHEDULE OF EXPENDITURES BY FUNCTION GENERAL AND SPECIAL REVENUE FUNDS -- STATE FUNDS LAST TEN YEARS SEPTEMBER 30, 1989 (In Thousands)

·	1979-1980	<u> 1960–1981</u>	1981-1982	1982-1983
Current:				
General government	\$ 345,064	\$ 393,324	\$ 487,728	\$ 437,401
Education	3,121,272	2,949,451	2,740,003	3,002,609
Health and welfare	3,032,898	3,284,977	3,591,335	3,770,789
Public safety and corrections	309,790	338,269	361,914	374,122
Conservation, recreation, and agriculture	171,834	169,721	174,602	185,585
Labor, commerce, and regulatory	347,309	416,901	387 <u>,</u> 837	444,322
Mental health	537,906	714,708	627,201	630,294
Transportation	669,645	659,516	669,724	667,677
Items not assigned to a function	667,014	-	8,238	64,370
Capital outlay	443,852	329,670	388,955	278,075
Intergovernmental — revenue sharing	-	542,232	525,124	595,097
Debt service - capital lease payments			 _	
Total Expenditures	\$ 9.646.589	\$ 9.798.774	\$ 9.962.661	\$10.450.343

NOTE: This schedule was prepared on the statutory/budgetary basis for years prior to 1981-82, and on the Generally Accepted Accounting Principles (GAAP) basis for years subsequent to 1980-81.

For years prior to 1980-81, "Intergovernmental - revenue sharing" was included in "Items not assigned to a function."

The recording of payments on capital leases as debt service expenditures began in 1984—85 and comparable prior year numbers are not available.

<u>1983–1984 </u>	1984-1985	1985-1986	1986-1987	1987-1988	1988-1989
\$ 497,204	\$ 536,658	\$ 615,666	\$ 610,583	\$ 724,562	\$ 742,936
3,269,098	3,629,377	4,055,335	4,275,186	4,547,950	4,620,323
4,042,865	4,187,289	4,471,975	4,636,720	4,784,690	5,043,127
424,621	485,832	573,394	687,719	774,301	879,120
182,347	214,510	253,893	270,509	291,564	297,720
501,165	523,445	535,803	595,868	596,703	610,344
711,658	815,537	903,129	1,022,501	1,100,307	1,164,363
782,802	840,177	853,218	904,401	958,246	1,031,773
6,913	2,728	121	57	2	6
406,988	428,598	588,524	616,875	571,573	521,922
674,312	761,748	831,087	879,238	963,279	1,021,119
	17.879	20.858	25.987	35,183	43,347_
\$11,499,978	\$12.443.785	\$13.703.009	\$14.525.650	\$15.348.364	\$15.976.107

STATE OF MICHIGAN RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES AND TRANSFERS LAST TEN YEARS SEPTEMBER 30, 1989 (In Thousands)

FISCAL YEAR	PRINCIPAL_	INTEREST AND FISCAL CHARGES	TOTAL DEBT SERVICE EXPENDITURES	TOTAL GENERAL FUND EXPENDITURES AND TRANSFERS	RATIO OF DEBT SERVICE EXPENDITURES TO GENERAL FUND EXPENDITURES AND TRANSFERS
1979-1980	34,984	21,085	56,069	7,563,326	.74%
1980-1981	33,885	17,341	51,227	7,482,732	.68
1981-1982	40,279	16,579	56,859	7,516,015	.76
1982-1983	43,000	14,471	57,471	8,143,129	.71
1983-1984	41,000	12,367	53,367	9,051,729	.59
1984-1985	44,418	12,185	56,603	9,724,446	-58
1985-1986	51,,200	12,911	64,111	10,512,879	.60
1986-1987	40,300	10,929	51,229	11,139,168	.46
1987-1988	28,500	8,410	36,910	11,750,067	.32
1988-1989	26,500	6,643	33,143	12,206,003	.27

NOTE: Principal and interest on short-term general obligation notes are not included in this bonded debt schedule.

This schedule was prepared on the Statutory/Budgetary basis.

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STATE OF MICHIGAN NET GENERAL OBLIGATION BONDED DEBT PER CAPITA LAST TEN YEARS SEPTEMBER 30, 1989 (In Thousands)

	•				
FISCAL YEAR	POPULATION*	GROSS Bonoed Debt	LESS DEBT SERVICE FUNDS	NET Bonoed Debt	NET BONDED DEBT PER CAPITA (IN DOLLARS)
1979–1980	9,241	439,100	6,179	432,920	46.85
1980-1981	9,196	409,600	5,837	403,762	43.91
1981-1982	9,099	361,000	6,204	354,795	38.99
1982-1983	9,056	309,300	7,960	301,339	33.28
1983-1984	9,107	259,300	3,132	256,167	28.13
1984–1985	9,137	241,700	2,607	239,092	26.17
1985-1986	9,160	198,000	5,669	192,330	20.99
1986-1987	9,210	157,700	2,413	155,287	16.86
1987-1988	9,315	129,500	3,953	125,547	13.48
1000_1000	0 319	106.400	5.444	100.956	10.83

*SOURCE: Fiederal Bureau of the Census and Michigan Department of Management and Budget.

STATE OF MICHIGAN DEBT SERVICE COVERAGE COMPREMENSIVE TRANSPORTATION FUND RELATED BONDS LAST TEN YEARS September 30, 1989 (In Hillions)

	1979-80	<u> 1980–81</u>	1981-82	<u>1982-83</u>
Constitutionally Restricted				
Transportation Fund Revenues:				
Motor Fuel Taxes	\$474.1	\$446.4	\$455.8	\$464.4
Registration Taxes	236.2	211.0	213.5	237.7
Miscellaneous Fees	<u> 16.1</u>	<u>11.2</u> 668.6	<u>17.5</u> 686.8	<u>18.8</u> 720.9
Total	726.5 52.6	52.1	50.2	
Less Deductions	673.9	616.5	636.6	662.0
Portion of Balance Credited to Comprehensive	0/3.7	010.5	050.0	002.0
Transportation Fund (excluding interest)	56.4 (1)	52.3 (1)	52.1	63.8
100% of Net Aircraft Fuel Taxes		4.2 (2)	3.9 (2)	
Motor Vehicle Related Sales Tax Revenues	\$342.7	\$362.8	\$363.7	\$412.8
Allocation to Comprehensive Transportation Fund	21.2	24.0	25.4	<u>24.5</u>
Constitutionally Restricted Revenues Credited to				
Comprehensive Transportation Fund	82.3	80.5	81.4	88.3
Plus Other Revenues (primarily interest)	(3)	(3)	$\frac{9.0}{90.4}$	$\frac{4.7}{93.0}$
Money Available for Debt Service	82.3	80.5	90.4	<u>93.0</u>
•				
Actual Annual Debt Service (4)	<u> </u>	<u> </u>	<u>16.4</u>	<u>16.2</u>
Debt Service Coverage	12.1x	8.21x	5.51x	5.74x
,				

⁽¹⁾ The "Portion of Balance of Transportation Fund" revenues credited to the Comprehensive Transportation Fund for fiscal years 1979—80 and 1980—81 include interest.

⁽²⁾ Net aircraft fuel taxes, licenses and other revenues are included in "Money Available for Debt Service" in fiscal years 1979-80, 1980-81, and 1981-82. Beginning in fiscal year 1982-83, net aircraft fuel taxes, licenses and other revenues are deposited directly in the Aeronautics Fund.

^{(3) &}quot;Money Available for Debt Service" does not include "Plus Other Revenues (primarily interest)" for fiscal years 1979-80 and 1980-81.

⁽⁴⁾ The above table does not include debt service on refunded bonds.

xb2.7	×10.7	×74.8	× 48 .8	x£8.6 🛫 "	x21.8
6.05	21.4	0.55	20.4	2.02	<u> 5.91</u>
6.941 7.7 6.521	0.041 1.3 1.021	0.1481 8.8 5.541	2.851 2.82 2.821	7.821 5.9 6.751	2.411 2.4 7.811
2.7E3 A.AA	S. 806 \$	£.893.3	3.618 \$	7.062 \$	2.112 \$
2.201	7.101	9.26	£.06	A. 78	2.87
0.088 \$ 0.798 2.041,1 2.58 5.041,1	9.189 \$	1.526 1.69 9.52 9.515 9.515 2.959\$	0.00£ 7.076 7.076 5.83 0.00£	\$.85 \$.18 \$.75 \$.75 \$.75 \$.18	7.072\$ 6.225 6.225 6.05 6.0748 7.32 7.32
<u> 1988–89</u>	88-786I	<u> 78-9861</u>	1385-86	3 8-18 61	1983-64

STATE OF MICHIGAN DEBT SERVICE COVERAGE STATE TRANKLINE FUND RELATED BONDS LAST TEN YEARS September 30, 1989 (In Millions)

	197980	1980-81	<u>1981–82</u>	<u>1982–83</u>
Constitutionally Restricted				
Transportation Fund Revenues:			_	
Motor Fuel Taxes		\$446.4	\$455.8	\$464.4
Registration Taxes	. 236.2	211.0	213.5	237.7
Miscellaneous Fees	ليؤلين		<u>_17.5</u>	<u> 18.8</u>
Total	.* 726.5	668.6	686.8	720.9
Less Deductions:				
Collection Costs		39.4	42.7	51:.0
Mackinac Bridge Authority	. 3.5	3.5 .	3.5	3.5
Waterways/Recreational Improvement Fund	. 4.5	4.2	4.0	4.3
Comprehensive Transportation Fund (excluding interest		50.8	51.8	63.9
Critical Bridge Fund	. 5.0	5.0	5.0	5.0
Economic Development Fund	•=			
Total Deductions	. 107.8	102.9	107.0	127.7
Constitutionally Restricted Revenues				
Available for Distribution	. 618.6	565.7	579.8	593.2
Plus Other Revenues (primarily interest)	. 11.4	<u>13.0</u>	10.1	<u> 6.4 </u>
Total Money Available for Distribution (2)		578.7	589.9	599.6
Distributions to:				•
Cities and Villages (2)	. 130.9	122.6	123.1	124.2
County Road Commissions (2)	. 235.6	219.0	222.4	230.7
State Trunkline Fund (2)	. 260.4	241.5	244.6	247.5
State Trunkline Fund				
Money Available for Debt Service	. 260.4	241.5	244.6	247.5
Economic Development Fund Money Available for Debt Service	·	_		=
		· · · · · · · · · · · · · · · · · · ·		
Total Available for Debt Service	. 260.4	241.5	244.6	247.5
Actual Annual Debt Service (1)	. 27.5	27.6	22.6	16.9
Debt Service Coverage	. 9.47x	8.75×	10.82×	14.64x

⁽¹⁾ The table above excludes amounts related to refunded bonds.

⁽²⁾ Distributions to Cities and Villages, County Road Commissions, and State Trunkline for 1979—82 fiscal years may not equal Total Money Available for Distribution due to carry—overs in prior years.

SOURCE: Michigan Department of Transportation.

1983-84	1984-85	<u>1985–86</u>	1986-87	1987-88	<u>1988–89</u>
\$570.7 255.9 20.4 847.0	\$616.4 286.7 <u>24.4</u> 927.5	\$644.7 300.0 <u>25.4</u> 970.1	\$656.2 315.6 23.6 995.4	\$ 681.6 363.2 46.0 1,090.8	\$ 680.0 397.0 63.5 -1,140.5
48.5 3.5 4.8 78.5 5.0	52.4 3.5 5.7 87.4 5.0	57.4 3.5 7.3 91.1 5.0	62.2 7.5 93.3 5.0	66.1 10.1 101.7 5.0 21.6 204.5	70.9 12.4 105.5 5.0 36.8 230.6
706.7 8.2 714.9	773.5 - 7.3 - 780.8	805.8 8.0 813.8	827.3 7.1 834.4	886.3 7.6 893.9	909.9
157.0 280.2 277.7	170.3 304.5 306.0	178.7 317.1 318.0	183.4 325.5 325.5	196.8 348.7 348.4	202.0 359.0 359.0
277.7	306.0	318.0	325.5 .	348.4	359.0
=	=	=		21.6	36.8
277.7	306.0	318.0	325.4	370.0	395.8
28.7	40.6	32.8	29.3	23.7	23.7
9.68×	7.54×	9.70×	1111x	15.61×	16.70×

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ECONOMIC AND SOCIAL DATA

STATE OF MICHIGAN

GENERAL INFORMATION

On January 26, 1837, Michigan was admitted to the Union as the twenty-sixth state. It is located in the East North Central Census Region and is bordered by Canada and the states of Ohio, Indiana, and Wisconsin. Michigan contains 57,022 square miles of land mass (exclusive of 1,194 square miles of inland water and 38,575 square miles of great lakes water area) with 3,288 miles of shoreline on four of the five great lakes. A combined water and land area of 96,791 square miles makes it the tenth largest state.

POPULATION

The following table presents population trends for Michigan for the last ten years, estimated at September 30 (in thousands):

	1980	1981	1982	1983	1984	1985	1986	1987	_1988_	1989_
Population	9,241	9,196	9,099	9,056	9,107	9,137	9,160	9,210	9,315	9,319
Percent Change	(.2%)	(.5%)	(1.1%)	(.5%)	.6%	.3%	.3%	.5%	1.1%	.0%

Source:

U.S. Bureau of the Census (adjusted to September 30 by the Office of Revenue and Tax Analysis, Michigan Department of Management and Budget).

WEALTH

The following table presents per capita income, retail sales, taxable property, and bank deposits data during the years 1979-1988:

		Per Capita Income (a)		Sales (b)	Taxable Property Value (c) (In Millions)	Bank Deposits (d) (In Millions)
YEAR	HI	_u.s	<u> MI</u>	u.s.	MI	MI
1979	\$ 9.575	\$ 9.033	\$36,776	\$ 896,841	\$ 72,528	\$46,788
1980	10.165	9,919	37,337	957,350	82,646	62,905
1981	10.866	10,949	39,154	1,038,698	92,059	65,735
1982	11,101	11,480	38.031	1.069.278	98,210	68,312
1983	11,866	12.098	41,563	1.168.372	98,344	75,852
1984	13,030	13,114	45,702	1,282,589	100,171	80.919
1985	14,002	13,896	50,913	1,367,322	102,796	86.983
1986	14,876	14,596	54,590	1,437,497	106,242	93,960
1987	15,558	15,472	56,289	1,510,579	111,255	97,257
1988	16,552	16,489	59,592	1,612,614	119,090	102,615

Sources:

(b)

U.S. Department of Commerce, Bureau of Economic Analysis.
U.S. Department of Commerce, Bureau of the Census.
State of Michigan, Department of Treasury, Property Tax Division.
State of Michigan, Department of Commerce, Financial Institutions Bureau. The amounts shown include state and national banks, state and federal (but not federal before 1980) credit unions, and state and federal [Manual Bureau]. (c) (but not federal before 1980) savings and loan associations.

STATE OF MICHIGAN

ECONOMIC AND SOCIAL DATA (Continued)

EMPLOYMENT

The following table presents employment data (expressed in thousands) for the State of Michigan for the calendar years 1979—1988:

<u>Year</u>	Total <u>Labor Force</u>	Total Employment	Unemploy— ment	Unemployment Rate
1979	4,314	3,979	335	7.8%
1980	4,293	3.759	534	12.4%
1981	4,306	3.777	529	12.3%
1982	4,277	3,616	661	15.5%
1983	4,286	3,678	608	14.2%
1984	4,347	3,860	486	11.2%
1985	4,352	3,920	433	9.9%
1986	4,391	4,005	385	8.8%
1987	4,529	4,159	370	8.2%
1988	4,580	4,232	348	7.6%

Wage and salary employment for calendar years 1984-1988 consisted of the following (in thousands):

Wage and Salary Employment

Manufacturing	1984	1985	1986	1987	
Durable Goods:					
Lumber & Wood	12.2	12.7	13.2	14.3	•••
Furniture & Fixtures	24.8	26.7	28.2	3 1.3	55.7
Stone, Clay and Glass Products	17.3	17.4	17.5	17.8	18.0
Primary Metals	53.6	52.0	49.9	48.6	47. č
Fabricated Metals	118.6	124.5	122.8	119.0	117.4
Nonelectric Machinery	129.4	134.1	132.6	123 0	119.3
Electric Machinery	34.1:	36.1	37.7	37	35.2
Transportation Equipment	343.7	361.3	359.7	337.6	314.1
Other Durables	21.6	22.2	21.7	22.6	23.3
Total Durable Goods	755.3	787.0	783.3	751.6	723.4
Nondurable Goods:					
Food & Kindred	45.8	45.8	45.5	45.2	44.8
Textiles & Apparel	20.8	22.6	22.9	22.5	21.9
Paper & Allied Products	21.1	21.3	21.1	21.1	21.1
Printing & Publication	36.7	37.9	38.5	40.0	42.3
Chemicals & Petroleum	43.0	43.5	42.3	43.0	43.8
Other Nondurables	40.2	44.3	46.8	49.1_	49.9
Total Nondurables	207.6	215.4	217.1	220.9	223.8
Total Manufacturing	962.8	1,002.4	1,000.4	972.5	947.2
Nonmanufacturing					
Construction	92.7	107.8	115.2	123.3	133.4
Transportation, Communications and Utilities.	140.2	145.9	149.0	152.3	154.7
Wholesale Trade	166.3	174.6	180.9	186.2	188.1
Retail Trade	579.5	617.4	638.7	674.4	7.00.1
Finance, insurance and Real Estate	154.4	163.3	17.11.0	179.6	185.4
Services	708.0	759.5	793.8	826.0	853.1
Mining	10.0	9.9	9.6_	<u> </u>	10.5
Total Nonmanufacturing	1,851:0	1,978.4	2,058.4	2,151.7	2,225.3
Government	_567.2	580.7	598.6	611.6	625.2
Total Wage and Salary Employment	3.381.0	3.561.5	3.657.3	3.735.8	3.797.7

Source: Michigan Employment Security Commission.



MICHIGANI DIVISION, INC.

1205 East Saginaw Street Lansing, Michigan 48906 (517) 371-2920

APPENDIX H

Selected letters of commitment and a complete list of letters that are on file

LETTERS OF COMMITMENT FOR ASSIST

The following is a list of organizations that have submitted letters of support and commitment for Michigan's ASSIST proposal. Sample letters are included in this appendix, and are noted with an asterisk on the list below. All letters are on file with MITOP, and are available upon request.

* Action Shopper News Alger County Coalition Against Tobacco Alger County Substance Abuse Services * Alliance for Health American Cancer Society (Alger County Unit) American Cancer Society (Baraga County Unit) American Cancer Society (Chippewa County Unit) American Cancer Society (Delta County Unit) American Cancer Society (Dickinson County Unit) American Cancer Society (Genesee County Unit) American Cancer Society (Gogebic County Unit) American Cancer Society (Houghton-Keweenaw Unit)
American Cancer Society (Iron County Unit) * American Cancer Society (Kent County Unit)
* American Cancer Society (Luce County Unit) American Cancer Society (Mackinac County Unit) American Cancer Society (Marquette County Unit) American Cancer Society (Menominee County Unit) American Cancer Society (Schoolcraft County Unit) * American Cancer Society (Wayne County Unit) * American Heart Association of Michigan American Heart Association (Genese's County) American Indian Services, Inc. American Institute for Preventive Medicine * American Lung Association (Genesee Valley) American Lung Association (Kent County) * American Lung Association (Marquette County) * American Lung Association of Michigan * American Lung Association of Southeast Michigan Arab Community Center for Economic & Social Services (ACCESS) * Association for Fitness in Business, Michigan Chapter Avereyn, Jane, R.N. Blue Care Network Blue Cross/Blue Shield of Michigan Casa Maria Family Services Catholic Youth Organization Chase, J. Edward, Ph.D. Chippewa County Anti-Tobacco Coalition Chippewa County Health Department * City of Detroit Health Department City Of Detroit Neighborhood Services Department * Coalition Against Billboard Advertising of Alcohol and Tobacco (CABAAT) Community Coordinated Child Care

Cooperative Extension Service of Kent County

	Crackwise Organization
*.	Delta-Menominee District Health Department
	Detroit American Indian Health Center
	Detroit District Nurses Association
	Detroit Medical Society
	Detroit Public Schools
	Detroit Urban League
	Dickinson-Iron District Health Department
*	Employee Assistance Service
	Flint Community Schools
	Flint Osteopathic Hospital
*	Genesee County Health Department
	Genesee County Intermediate School District
	Genesee County Smoke-Free Multi-Agency Resource Team (SMART)
	Gephardt, Suzanne
	Girl Scouts (U.P.)
	Grand Rapids Public Schools
	Greater Detroit Area Health Council, Inc.
	Greater Detroit Community Outreach Center, Inc.
	Horn, Gail, Probation Officer
	Hurley Medical Center
*	Infant Health Promotion Coalition
	Inter-Tribal Council
	Junior League of Lansing
	Junior Police Cadet Section
*	Kent County Health Department
	Kent County Smoke-Free Air For Everyone (SAFE) Coalition
*	Latin-American Community Against Substance Abuse (LACASA)
	Latino Outreach and Community Services
	League of Women Voters
	Listen (Drug Prevention Program)
*	Luce, Mackinac, Alger, Schoolcraft District Health
	Department
	Lula Belle Stuart Center, Inc.
	March of Dimes
*	Marquette County Health Department
	Marquette County Tobacco Or Health Community Coaltion
	Marquette General Hospital
	McLaren General Hospital
	Michigan Association for Local Public Health
*	Michigan Association of School Boards
	Michigan Association of Secondary School Principals
*	Michigan Cancer Foundation
	Michigan Coalition on Smoking OR Health
*	Michigan Ecumenical Forum
	Michigan High School Athletic Association
	Michigan Hospital Association
	Michigan Nurses Association
	Michigan Public Health Association
*	Michigan State Medical Society
	Michigan Women's Commission
	Mid-Michigan District Health Department
*	Michigan High School Athletic Association Michigan Hospital Association Michigan Nurses Association Michigan Public Health Association Michigan State Medical Society Michigan Women's Commission Mid-Michigan District Health Department Mott Children's Health Center Munising Memorial Hospital
	Munising Memorial Hospical

Muskegon Area Coalition for a Smoke-Free Environment Office of Substance Abuse Services Operation Get Down

* Project EPIC (Education and Prevention in Communities)
Schwiderson, Mary
SHAR House (Self-Help Addiction Rehabilitation)
Smokebusters 2000
Society for Public Health Education, Great Lakes Chapter
Spanish Speaking Information
Sparrow, Albert, M.D.
St. Joseph Hospital (Flint)
Stallworth, Alma, State Representative
State Board of Education
Substance Abuse Service Coordinating Sault Public Schools
Thurkow, Jan, R.N.

* United Community Services of Metropolitan Detroit University of Michigan-Flint Visiting Nurse Association Vorhees, Sharilyn

* Warner, Kenneth, Ph.D.
Wayne County Medical Society
Wayne County Office of Health and Comm. Services
Wayne County Osteopathic Association
Wayne County Health Department
Western Michigan Associated Health Departments

* Western Upper Peninsula Health Department

* Women's Service Network

LETTERS OF COMMITMENT

TOBACCO-FREE MICHIGAN ACTION COALITION
(State-wide Coalition)

Carole W. Keefe, PhD

Robert G. Smith

3 Seymour Avenue • Lansing, MI 48933-1179
Telephone Number (517) 484-4541 • FAX Number (517) 484-2118

Jean Chabut, Chief Center for Health Promotion Michigan Department of Public Health 3423 N. Logan Street P.O. Box 30195 Lansing, MI 48909

September 13, 1990

Dear Jean:

The American Lung Association (ALA) of Michigan is pleased to lend its support to the American Euop Smoking Intervention Study (ASSIST) proposal which is being submitted to the National Cancer Institute by the Michigan Department of Public Health in cooperation with the American Cancer Society - Michigan Division. The ALA of Michigan is dedicated to the conquest of lung disease and promotion of lung health. Since one of the fundamental organizational values of the ALA of Michigan is teamwork, the association welcomes the opportunity to participate in coalitions of this nature.

In lending the association's support to this proposal, it is my understanding that ASSIST is intended to mobilize community-based tobacco control coalitions throughout the entire state and will emphasize smoking interventions for high risk populations, including minorities, women, heavy smokers, and youth. I also understand the Tobacco-Free Michigan Action Coalition (TUFF-MAC) will be responsible for overseeing the ASSIST project.

Last year, the ALA of Michigan participated in the 1989 Michigan Tobacco Reduction Task Force. The recommendations of that task force provide a comprehensive plan of action for tobacco control policy initiatives to be undertaken during the 1990s. The ALA of Michigan is fully committed to pursuing these recommendations. I understand TUFF-MAC will use the task force recommendations as the foundation for its public policy activities.

Since 1984, the ALA of Michigan has been a sponsoring member of the Michigan Coalition on Smoking Or Health, which is a 501-C-4 corporation. The purpose of this coalition is to provide a broad base of support for legislative initiatives to reduce the use of tobacco products. We expect future tobacco control legislative initiatives will be led by the Michigan Coalition on Smoking Or Health, in cooperation with TUFF-MAC.

The ALA of Michigan was pleased to be invited to participate in a leadership role in TUFF-MAC; and, as President of the ALA of Michigan, I am looking forward to serving as a co-chairperson of TUFF-MAC.



American Lung Association of Michigan Support for ASSIST proposal Page Two

The American Lung Association has a wide variety of smoking cessation and prevention resources available. Through ASSIST and collaborative efforts with TUFF-MAC, the ALA of Michigan could significantly increase the effectiveness and efficiency of its tobacco control efforts. We sincerely hope that Michigan will be selected as an ASSIST community. Please let me know how the ALA of Michigan can best support your efforts.

Sincerely,

Carole A. Keepe

Carole Wingate Keefe, Ph.D., President American Lung Association of Michigan

cc:

Robert G. Smith, Executive Director

Paul N. Shaheen, Chairperson - Government and Public Relations

Committee

Harry Perlstadt, Ph.D., M.P.H., Chairperson - Smoking Or Health

Committee

18860 W. TEN MILE . SOUTHFIELD, MICHIGAN 48075 . (313) 559-5100 . FAX (313) 559-7434

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EXECUTIVE DIRECTOR
Thomas P. Banas

July 26, 1990

Mr. John Beasley, Chief Program Development Section Center for Health Promotion Michigan Department of Public Health P.O. Box 30195 Lansing, MI 48909

Dear John:

The purpose of this letter is to express support for the Michigan Department of Public Health's application for involvement in the ASSIST program. The American Lung Association of Southeast Michigan pledges its help to the Health Department should its funding request be granted.

As stated in the goals and purpose of the Lung Association, we strive for the "prevention and control of lung disease." A major facet of our efforts includes the reduction of tobacco use among Michigan residents, particularly those in Wayne, Oakland and Macomb counties. We have worked with many organizations, groups and coalitions to uphold these efforts. Our involvement in the coalition for the ASSIST program will certainly be consistent with these goals.

We believe that the coalition can provide the momentum necessary to significantly reduce the long-term health problems caused by tobacco in our state. We are most willing to participate in the coalition's efforts and work to make them successful.

The ALASEM therefore favors and supports the Michigan Department of Public Health in its effort to secure an ASSIST grant. Best wishes for success in this important endeavor.

Sincerely,

Thomas P. Banas Executive Director

cc: Andrea M. Poniers

023673651

MCHGAN DEPT. OF PUBLIC NEALTH

JUL 27 199**0**

CENTER FOR HEALTH PROMOTION

ROGRAM DEVELOPMENT SECTION



A United Way Agency

August 6, 1990

John Beasley, Chief Program Development Section Center for Health Promotion Michigan Department of Public Health P.O. Box 30195 Lansing, MI 48909

Dear Mr. Beasley:

The American Heart Association of Michigan is a member of the Tobacco-Free Michigan Action Coalition, dedicated to freeing Michiganians from the hazards of tobacco use. The American Heart Association's mission is to reduce disability and death from cardiovascular diseases and stroke. Eliminating the risk factor of smoking would represent enormous progress towards fulfilling that mission.

We are concerned that 27% of Michigan men and 25.7% of Michigan women smoke, which is higher than the national average. We are also concerned that of 30,000 Michiganians who die from heart disease, 8,000 of those deaths are due to tobacco use.

Cigarette smoking is a major risk factor in coronary heart disease; indeed, the surgeon general has referred to it as "the most important of the known modifiable risk factors for coronary heart disease in the United States."

The concurrent use by women of oral contraceptives and cigarettes greatly increases the risk of coronary heart disease. Smokers are also at greater risk for developing malignant hypertension and dying from hypertension. Further, cigarette smoking may increase the risk for developing renovascular hypertension.

The nonsmoker is also affected by passive smoke, as the increased carbon monoxide in the air can make red blood cells less able to carry oxygen. Secondhand smoke affects platelets, which can clump together to block arteries. In addition, carcinogens in second-hand smoke can cause artery damage.

Mr. Beasley Michigan Department of Public Health August 3, 1990 Page Two

Since 1982, AHA has worked with the American Cancer Society and the American Lung Association in the Coalition on Smoking OR Health on tobacco issues, including smoking cessation, government tobacco price supports, advertising and clean indoor air legislation.

The Smokefree Class of 2000 project that grew out of that coalition was begun in 1988 to work with children throughout their school years to help them adopt a healthy lifestyle that excludes tobacco.

The American Heart Association of Michigan is pleased to participate in the Tobacco-Free Michigan Action Coalition, believing that such a broad-based organization with a large state-wide constituency will be effective in achieving the goal of a tobacco-free Michigan. That the coalition is coordinated by the the Center for Health Promotion of the Michigan Department of Public Health ensures that the group will have access to levels of expertise, resources and information that will greatly enhance its efforts.

Sincerely,

Gerald L. Doelle
Executive Director

ALG 7 1990
CENTER FOR HEALTH PROMOTION CANCER & TOBACCO PROGRAM



Association for Fitness in Business, Inc.

"Promoting Employee Health & Fitness"

16th Annual Conference - August 18-21, 1990 - Orlando, Florida Second Annual "National Employee Health & Fitness Day" - Wednesday, May 16, 1990:

August 10, 1990

310 North Alabama, Suite A100 Indianapolis, Indiana 46204 (317) 636-6621; FAX (317) 638-0539

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Wisconsin Representative Mark Pontti Kimberly-Clark Corporation Neenahl, W1 4147721-5559

Special Projects/NEHFD Chair Ted Wegleitner Park Nicolet-Medical Foundation finnespoirs MN. 429-27-5653

Membership Chuir Bonnie Kingsbury Bethesda Corporate Health Services Cincinnati OHI 513: 561-1022

AFF Supple IV 1990 Contraction of our fastion Convisor New Tork fattiess Center Chicagon 1 Toronto 170 John Beasley, Chief Program Development Section Center for Health Promotion Michigan Department of Public Health Post Office Box 30195 Lansing, Michigan 48909

Dear Mr. Beasley,

I would first like to commend the Michigan Department of Public Health in its efforts to reduce tobacco use in the state of Michigan.

As a representative of the state of Michigan for the Association for Fitness in Business (AFB), I have a professional interest in your efforts. One of the primary goals of the AFB is health promotion in the workplace. Tobacco use is a major contributor to many chronic degenerative diseases found in our society. It is unfortunate that we must legislate good health but, for the protection of the non-smoking population and the individual tobacco user, it becomes a necessity.

Since AFB is a non-profit organization, any monetary and man-power assistance enhances the effectiveness of our efforts to improve the health and well being of individuals in the workplace.

I am very excited about the opportunity to assist the Tobacco-Free Michigan Action Coalition (TFMAC) in its efforts for reduction of the tobacco use in the state of Michigan. As an organization, we will provide any assistance necessary to promote and disseminate informatic generated by the TFMAC.

The TFMAC, under the guise of the Department of Public Health, represents a state-wide effort.

The Michigan Department of Public Health has, in the past, demonstrate its ability to effectively implement and promote programs to enhance the quality of life for citizens of the state of Michigan.

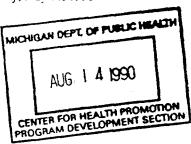
I believe, as a state, we can develop state-wide cooperation and implement an efficient and effective program for the fight against tobacco use.

Sincerely,

sery L. Detrots

Terry L. Dibble, State Representative Association for Fitness in Business

Rhosan W AFRis Michigan, Ohio, Indiana, Illinois, Wisconsin, Minnesetti



CABAA

Coalition Against Billboard Advertising of Alcohol and Tobacco 65 Cadillac Square, Suite 3200 Detroit, MI 48226 (313) 965-1866

September 6, 1990

John Beasley, Chief Program Development Section Center for Health Promotion Michigan Department of Public Health P.O. Box 30195 Lansing, MI 48909

Dear Mr. Beasley:

As a member of the Tobacco-Free Michigan Action Coalition, the Coalition Against Billboard Advertising of Alcohol & Tobacco (CABAAT), wholeheartedly supports the Michigan Department of Public Health's application for the ASSIST Grant.

The mission of our organization is to combat the direct targeting of minorities with alcohol and tobacco billboard advertising, and implement effective prevention strategies to enhance and strengthen the health of the minority community. Further, CABAAT's purpose is to create a network of community, social and civic persons to support, promote, and fulfill its goals.

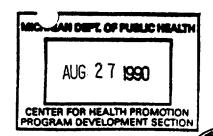
There is a need within the City of Detroit for a reduction of tobacco consumption, and smoking cessation assistance, particularly within inner-city communities. CABAAT recognized this need, which prompted our development of a community based smoking cessation program.

We are committed to working with the Tobacco-Free Michigan Action Coalition to develop strategies and promote activity which will result in a reduction of the use of tobacco throughout the state, and particularly within Detroit.

We applaud the Department on this project and strongly recommend that this project be funded.

Jacqueline D. Jackson Executive Director





A project of LA CASA FAMILY SERVICES

Fax: 842-4409

713 Junction • Detroit, MI 48209 • (313) 842-3393

August 23, 1990

John Beasley, Chief Program Development Section Center for Health Promotion Michigan Department of Public Health P. O. Box 30195 Lansing, MI 48909

Dear Mr. Beasley:

LA CASA Family Services has been providing substance abuse treatment and prevention services to Detroit's Hispanic/Latino community since 1974. More recently, in the past couple of years, we have been providing AIDS education, prevention, testing and counseling services.

We support your organization's attempt to secure funding from the National Cancer Institute. As a participant organization in the Tobacco-Free Michigan Action Coalition we understand the importance in getting out the "message" for tobacco use reduction. We plan to participate in the Coalition's efforts.

Many of our clients are substance abusers or recovery abusers. Often it is the case that tobacco use increases during their recovery, as a way for them to deal with their anxiety and/or as a substitute for their previous dependencies or another substance. We intend to increase our educational interventions with clients in their individual treatment sessions. In addition, we propose to heighten our educational campaigns to staff and other program participants.

If you have any questions please feel free to call me.

Good luck in securing this grant.

Osvaldo Rivera

Executive Director

/agd



CENTER FOR HEALTH PROMOTION PROGRAM DEVELOPMENT SECTION

Michigan Association of School Boards

August 31, 1990

421 W. Kalamazoo Street Lansing, Michigan 48933-2088 (517) 371-5700

John Beasley, Chief
Program Development Section
Center for Health Promotion
Michigan Department of Public Health
P.O. Box 30195
Lansing, MI 48909

Dear Mr. Beasley:

The Michigan Association of School Boards is very pleased and excited about being a part of the Tobacco-Free Michigan Action Coalition. "Action" is the key and a coalition of this nature can surely generate and implement a plan that will reduce tobacco usage in Michigan.

The Michigan Association of School Boards is committed to eliminating tobacco usage in schools through its resolution adopted in 1985 and revised in 1988 which reads:

"The Michigan Association of School Boards urges school boards to adopt policies prohibiting the use of tobacco in school facilities in order to contribute to the health and well-being of all students, employees, and other persons using school facilities."

As has been proven over and over, a coalition is a very effective way of accomplishing a major challenge. Many hands make the task easier. It will take a major coalition to provide the pressure some organizations will have to experience before they will become more globally concerned. MASB is willing to commit time and energy to making this coalition effective.

Because it is also known that monetary resources play a major role in accomplishing a plan of action, MASB is very supportive of the Michigan Department of Public Health receiving the ASSIST grant from the National Cancer Institute to ensure that the activities of the Tobacco-Free Michigan Action Coalition do result in "action."

Again, you have MASB's commitment to the Tobacco-Free Michigan Action Coalition. We will do whatever we can to ensure the success of this coalition.

Justin King

Executive Director

313 833-0710 FAX 313 831-8714

Meyer L. Prentis Cancer Center 110 E. Warren Avenue Detroit, Michigan 48201-1379



Michigan Cancer Foundation

MICHAEL J. BRENNAN, M.D., F.A.C.P.. Presidenti

July 24, 1990

John Beasley, Chief Program Development Section Center for Health Promotion Michigan Department of Public Health P.O. Box 30195 Lansing, Michigan 48909

Dear Mr. Beasley:

The Michigan Cancer Foundation (MCF) welcomes the opportunity to offer support and cooperation to the Michigan Department of Public Health in its application to participate in the ASSIST PROJECT. The MCF is actively engaged in cancer laboratory research, the monitoring of all incident cancers in the metropolitan Detroit area (SEER) and community cancer control.

We have participated in the 1989 Michigan Tobacco Reduction Task Force and are part of the Tobacco-Free Michigan Action Coalition organized by the Michigan Department of Public Health. Our interest in the reduction of tobacco use is linked directly with studies that have shown that 30 percent of all cancers are tobacco related.

In the area of cancer prevention, in metropolitan Detroit, we are especially aware of the excess mortality and morbidity resulting from tobacco use in our high-risk ethnic populations. It is estimated that 70 percent of Detroit is presently African-American and 12 percent are Mexican-Americans. Also at high risk, is our new immigrant Arab population in Southeast Dearborn, part of the largest settlement of Arabs in the United States.

We have been working with federal, state, and local support in a variety of projects supported by limited resources to reach this target population. In 1987, we conducted a random digit dialing survey of a low-income African-American community and found a higher prevalence of smoking than reported nationally.

For the past two years, we have been conducting the only "Quit/Cut Down Smoking Program" available for this population in Detroit. The sessions are based on minimal-contact, self-help, low-cost and are held upon demand



July 24, 1990 John Beasley, Chief Page 2.

from smokers who are motivated to quit. Led by African-American professional health educators, groups meet in locations of their choice. The program also trains indigenous community leaders, both professional and lay, in the techniques and processes of smoking cessation so that the program will be ongoing in the community for those wishing to quit as well as for recidivists.

Another focus of our smoking cessation campaign has been an extensive educational and literature distribution program in African-American churches by our Michigan Cancer Information Service.

Aiding us in these community efforts is a large cadre of volunteers in the MCF Detroit Regional Office, whose Board of Directors are African-Americans and whose wide social and business base, in the community, lends support and leadership for smoking cessation as part of cancer control.

It is apparent, therefore, why we offer our support to the Michigan Department of Public Health for the application for the ASSIST Project. ASSIST with its resources of effective, tested smoking prevention strategies would be a catalyst to the Tobacco-Free Michigan Action Coalition and help reduce the cancer burden in Michigan.

Very truly yours,

MICHAEL J. BRENNAN, M.D.

/dlv

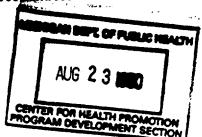


August 22, 1990

Michigan Ecumenical Forum

809 Center Street Lansing, Michigan 48906 (517) 485-4395

CARROLL E. KEEGSTRA
Interim Ecumenical Coordinator



Mr. John Beasley, Chief Program Development Section Center for Health Promotion Michigan Dept. of Public Health P.O. Box 30195 Lansing, MI 48909

RE: Michigan Dept. of Health ASSIST Grant

Dear Mr. Beasley:

The Michigan Ecumenical Forum is a covenantal, cooperative association of the majority of church judicatories in the State of Michigan. As such, we cannot fully speak on issues for all the churches, but we are able to speak in newsletters and through cooperative ventures of the churches.

One issue the churches are greatly concerned about is the issue of smoking and health. With this concern, we are a member of the Tobacco Free Michigan Coalition, and thoroughly endorse the efforts to curtail smoking in the State, as well as the application for the ASSIST grant. Our newsletter, in which we plan to publish information about the efforts of the coalition, is published quarterly and is sent to approximately 6,200 churches and individuals.

We hope this explains our participation in the coalition and our endorsement of the ASSIST grant.

Sincerely,

arroll E. Keegstra

Interim Coordinator,

CEK/lrg

cc Ms. Andrea M. Poniers, Consultant

MICHIGAN STATE MEDICAL SOCIETY

120 WEST SAGINAW STREET, EAST LANSING, MICHIGAN 48826-0950, PHONE 337-1351

ANCHORAGE DEPT. OF PUBLIC HENGTH

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OFFICE OF THE PRESIDENT 1990-1991 Susan Hershberg Ade

August 9, 1990

John Beasley, Chief
Program Development Section
Center for Health Promotion
Michigan Department of Public Health
P.O. Box 30195
Lansing, MI 48909

Dear Mr. Beasley:

On behalf of the Michigan State Medical Society, I am pleased to offer support for the Michigan Department of Public Health's application for the ASSIST grant from the National Cancer Institute.

Efforts to reduce tobacco use in Michigan are of critical importance to our members, and MSMS has made it a priority to work vigorously to reduce this leading cause of preventable disease. Toward that end, we have supported measures to restrict smoking in offices, restaurants and other public places, to restrict advertising of tobacco products and to educate the public, particularly young people, about the health risks associated with tobacco use.

We are committed to working with the Tobacco Free Michigan Action Coalition, and its member organizations, to enhance the resources available to combat tobacco use, to educate our members and the public about successful smoking cessation strategies and to expand public information campaigns aimed at discouraging tobacco use among our state's young people.

The Michigan Department of Public Health has played a valuable role in coordinating the efforts of all Michigan organizations pursuing a tobacco free state. With the availability of funding from the National Cancer Institute, we are optimistic that the Department and the Tobacco Free Michigan Action Coalition will have the resources to strengthen Michigan's efforts to eliminate tobacco use and its preventable and tragic effects on the health of our citizens.

John Beasley August 9, 1990 page 2

We appreciate the opportunity to support the efforts of the Department to obtain funding for tobacco reduction activities. If I can provide additional information to support our endorsement of your efforts, please do not hesitate to contact me.

Sincerely,

Susan Hershberg Adelman, MD

President

Pioleon EPIC Addiction Research Institute 540 East Canfield, Rm. 1368 Detroit, Michigan 48201 (313) 577-2318

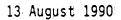


MI DEPT. OF PUBLIC HEALTH

AUG 1 4 1990

WTER FOR HEALTH PROMOTION

PROGRAM DEVELOPMENT SECTION



John Beasley, Chief Program Development Section Center for Health Promotion Michigan Department of Public Health PO Box 30195 Lansing, MI 48909

Dear Mr. Beasley:

I am pleased to submit this letter of support to the Michigan Department of Public Health, Center for Health Promotion, for an ASSIST grant from the National Cancer Institute. We at Project EPIC (Education and Prevention in Communities) applaude your effort to address collaboratively the devasting impact of tobacco use upon our community. In view of the Department's recent tobacco reduction campaign, we are confident that you will be successful.

Project EPIC is a community-based alcohol and other drug abuse prevention program of the Addiction Research Institute at Wayne State University in Detroit, Michigan. Since 1986, Project EPIC has assisted community-based organizations in the fight against drug abuse and the struggle to improve the quality of life in their neighborhoods. Project EPIC staff provides consultation, education, and technical assistance to neighborhood groups, churches, community organizations, and human service providers within the City of Detroit. Albeit crack cocaine and other illicit drugs are more prevalent in the news, tobacco use has more of an impact on the community, particularly the black community.

As a primary prevention and health promotion program, Project EPIC will gladly provide technical assistance to your effort in the Detroit community. Please let us know how we may cooperate.

Sincerely yours,

Karen Z. Waltensperger, MA, MPH

Director, Project ERIC

RODUZ WOS

Institute of Gerontology

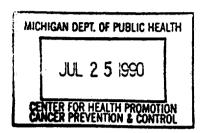


The University of Michigan 300 North Ingalis Ann Arbor, Michigan 48109-2007 Telephone: (313):764-3493 Richard C, Adelman, Ph.D. Director and Professor of Biological Chemistry

July 23, 1990

John Beasley, Chief Program Development Section Center for Health Promotion Michigan Dept. of Public Health P.O. Box 30195 Lansing, MI 48909

Dear John:



I am writing to tell you that I am pleased to be an active participant in the State's new anti-tobacco coalition. I have been singularly impressed by MDPH's creative and aggressive tobacco-and-health policy development and am confident that the coalition's efforts, supported and often motivated by MDPH, will yield discernible progress toward the ultimate goal of a tobacco-free society. As an "insider" in some of the Department's efforts (serving as Project rector of the 1980 Governor's Citizens' Panel on Smoking and Health, and as member of the recent Tobacco Reduction Task Force), I have felt privileged to work with the dedicated and intelligent staff of the Center (and its predecessor units). I couldn't resist continuing to do more of the same. The beauty of the coalition approach, as you have organized it, is that it gives us the opportunity to combine the vision of the Center staff with the energy and political clout of the voluntary sector. I was particularly impressed, at the coalition's organizing meeting, with the interaction with staff of state legislators sponsoring anti-tobacco legislation.

I have some specific insight into the ASSIST program, having served as a member of the Board of Scientific Counselors of the National Cancer Institute (1985-89) and currently serving on the national Tobacco and Cancer Committee of the American Cancer Society. As such, I am convinced that MDPH is doing excellent spade work to make fertile use of one of the ASSIST grants. I am confident that under your leadership, our State will make significant progress under any circumstances. But the resources (fiscal and human) that an ASSIST award would contribute could greatly facilitate the speed and breadth of the coalition's efforts. I wish you (indeed, therefore all of us) the best of luck in competing for an ASSIST award. Actually, given the quality of thought and organization that have gone into Michigan's planning, I hope that luck plays no role at all.

Sincerely,

Kenneth E. Warner, Ph.D.

Senior Fellow, Inst. of Gerontology Professor, School of Public Health LETTERS OF COMMITMENT

DETROIT TOBACCO-FREE COALITION



Coleman A. Young, Mayor Department of Health Herman Kiefer Health Complex 1151 Taylor Detroit, Michigan 48202

August 3, 1990

John Beasley, Chief Program Development Section Center for Health Promotion Michigan Department of Public Health 3423 N. Logan, P.O. Box 30195 Lansing, Michigan: 48909

Dear Mr. Beasley:

The Detroit Health Department (DHD) welcomes the opportunity to serve as an intervention site in the Project ASSIST Program under development by the Michigan Department of Public Health (MDPH).

The population of the city of Detroit almost perfectly mirrors the populations targeted for special attention through Project ASSIST. According to 1987 statistics, the population of Detroit was predominantly African American (72%), representing 83% of the state's African American residents. Other groups classified as ethnic minorities represented an additional 3% of the city's total population. Approximately 25% of the total population was between the ages of 10 and 25 years, and 53% were females. The decline of the automotive industry has resulted in an unemployment rate among Detroit area African Americans and other minority males of approximately 23%. Currently, nearly 367,000 residents of the city are living below poverty level, with an annual average high school dropout rate of 14%, which increases to at least 42% when 9th graders are included in the base.

In: 1987, Detroit residents experienced 2,354 cancer deaths, 18.3% of the city's total deaths that year. There was an additional 5,633 deaths from heart disease and cerebrovascular disease, and 227 deaths from diabetes mellitus. Further, in 1988, 13.6% of all births in the city were low birth weight, representing 26% of the total number of low birth weight babies born in the state of Michigan. There is a provenlink between cigarette smoking and all of these conditions.

Given these alarming statistics, the city of Detroit is an ideal candidate to painticipate in the planning and implementation of a coordinated strategy to reduce the incidence of cigarette smoking and the number of deaths related to cigarette smoking by the year 2000. Based on a history of successful collaborative efforts between the DHD and MDPH, I am confident that this endeavor has the highest possible potential for success. My confidence in this project is further bolistered by the

> Richard A. Levinson, M.D., D.P.A. Director

2023673666

City of Detroit

support the city will: receive through the coalition we will coordinate. As evidenced by the enclosed letters of support, the organizations with which we will be working have long-established cooperative relationships with the DHD.

Thank you for the opportunity to participate in this much needed project.

Sincerely,

Richard A. Levinson, M.D., D.P.A.

Public Health Director

RAL/GW/jmt

Enclosures

cc:

);

August 2, 1990

John Beasley Michigan Department of Public Health Center for Health Promotion P.O. Box 30195 Lansing, MI 48909

Dear Mr. Beasley:

I am writing to you on behalf of the Wayne Unit o₹ the American Cancer Society.

I wish to notify you of my organization's willingness to become a member of the Detroit coalition that will develop strategies to reduce digarette use as part of the statewide Project ASSIST effort. This coordinated approach is essential if we are to reduce, and ultimately eliminate, the incidence and tragic effects of digarette smoking in our city.

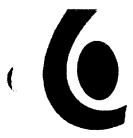
We look forward to participating on the coalition and wish you success with your proposal.

Sincerely,

Clarence E. Wilson, Ph.D.

Executive Director

DETROIT / WAYNE COUNTY



INFANT HEALTH PROMOTION COALITION

(313) 876-4667

Herman Kiefer Health Complex 1151 Taylor Ave. • Room 426C Detroit, MI 48202 (313) 876-4668

COALITION STAFF

Phyllis D.: Johnson: MSN; RN; C. Project Director Elizabeth J.: Snyder: BSW: Project Assistant

PARTICIPATING ORGANIZATIONS

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PROGRAMS.

William Beaumont Hospital

51-8ABY ealthy Baby Service

August 6, 1990

Richard A. Levinson, MD, DPA Health Director Detroit Health Department Herman Kiefer Health Complex 115: Taylor Detroit, Michigan 48202

Dear Dr. Levinson:

I am greatly pleased that the Detroit Health Department has willingly decided to be a part of the Project AS-SIST initiative. I am in total support of this endeavor, and hope to be an active contributor to your coalition.

As I observe the growing numbers of teen-age girls smoking, and realize the significance to low-birth weight and infant mortality; I accept this as an urgent matter. I also recognize that a smoking cessation program will be of great benefit to many other at-risk populations in the city of Detroit.

Collaborative problem solving, planning and intervention through coalitions, is an effective means for addressing health problems. The complexity of health problems facing our citizens demand these kinds of efforts.

I look forward to working with you on this project.

Sincerely,

Phyllis D. Johnson, MSN, RNC

Director

023673663

UNITED COMMUNITY SERVICES OF METROPOLITAN DETROIT

1212 Griswold • Detroit, Michigan 48225-1399. • Telepiñone 313/226-9400

SCARD OF DIRECTORS

PACT : MAISALES Chains F arrow

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TIRECTON COMMUNICATIONS AND MARKETING AND ASSISTANT RECRETARY Man, Line State Co.

August 3. 1990

Richard A. Levinson, M.D., D.P.A. Director Detroit Department of Health Herman Kiefer Health Complex .1151 Taylor Detroit, MI 48202

Dear Dr. Levinson:

I am writing to you on behalf of United Community Services of Metropolitan Detroit.

I wish to notify you of my organization's willingness to become a member of the Detroit coalition that will develop strategies to reduce digarette use as part of the statewide Project ASSIST effort. This coordinated approach is essential if we are to reduce, and ultimately eliminate, the incidence and tragic effects of cigarette smoking in our city.

United Community Services has a long history of involvement in anti-hypertension programs. Since there is a relationship between smoking and high blood pressure, stroke and heart disease, we are very interested in reducing digarette smoking, especially among youth, ethnic minorities and women.

We look forward to participating on the coalition and wish you success with your proposal.

Sincerely,

Geneva Jones Williams Senior Vice President Community Planning and

Problem Solving

GJW: ew

DETABLE DAY (NO. 1212 Chewood in Bushaware Demon V. 48227 (1699.) 226-94901

MisCONED Visitor • 148 States Visitation • Mt. Digmas, No. 35363 • 405 3650

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LETTERS OF COMMITMENT

SMOKE-FREE MULTI-AGENCY RESOURCE TEAM
(Genesee County Coalition)



Genesee County Health Department

310 W. Oakley

Flint, Michigan 48503

Robert M. Pestronk, M.P.H., Health Officer Virginia Y. Mesa, M.D., M.P.H., Medical Director Fax Number 313-257-3147

August 9, 1990

Carol Callaghan, M.P.H., Chief, Cancer Control and Prevention Unit Michigan Department of Public Health P.O. Box 30195 Lansing, MI 48909

Lear Ms. Callaghan:

On behalf of the Genesee County Health Department and SMART (Smoke-Free Multi-Agency Resource Team) I support and am pleased to participate with the ASSIST grant in cooperation with the Michigan Department of Public Health and the National Cancer Institute.

Working with the high risk population as we do, the health department sees a high incidence of smoking and smoking related disease. There is a need for creating more smoke-free environments and smoking cessation programming, as well as an awareness of the risks of tobacco use.

With a program such as ASSIST, I am hopeful Michigan will reach its 15% tobacco reduction goal fulfilling one of the objectives for the year 2000.

Sincerely,

Robert M. Pestronk Health Officer

(Lount-Westach

RMP:CB:ms



MICHIGANI DIVISION, INC., GENESEE COUNTY UNIT

July 18, 1990

Mr. Bobby Pestronk, MPH Health Officer Genesee County Health Dept. 310 W. Oakley Flint, Michigan 48503

Dear Mr. Pestronk:

I am writing you concerning the collaboratory efforts of the Michigan Department of Public Health and the American Cancer Society in the procurement of a grant as means of support for the ASSIST 2000 program. We are delighted that Genesee County has been selected as one of the four primary areas from which this program will spread to a state-wide application.

The Genesee County Unit of the American Cancer Society has long been active in Tabacco reduction through our "Fresh Start" programs and involvement in SMART and the Michigan Model. We feel that the ASSIST 2000 program will do much to aid in the achievement of our goal of a smoke-free Michigan by the year 2000. The Genesee Unit of the American Cancer Society supports this initiative and looks forward to participating with the Genesee County Health Department in the ASSIST 2000 program.

Thank you for your time.

Sincerely,

Nicholas Evans

Associate Executive Director

NE:sp

President Homer W. Read Executive Director. Susan M. Wood

July 11, 1990

Mr. Robert Pestronk
Health Officer
Genesee County Health Department
310 E. Oakley
Flint, MI 48503

Dear Mr. Pestronk,

It is with great pleasure that I submit this letter to you on behalf of the American Lung Association of Genesee Valley and the SMART Coalition in support of the ASSIST Grant.

As a member of both the Youth Subcommittee and the Advocacy Subcommittee of the SMART project I feel we have made great strides in our attempt to reduce tobacco use in Genesee County. SMART is made up of a dedicated pool of individuals representing various agencies and organizations within our community. Because of their collective enthusiasm, expertise and dedication to this cause, we are able to tackle tobacco issues effectively within our community. The ASSIST grant could help us to realize our local goals and objectives.

The SMART Coalition and the American Lung Association share common goals and work together to provide educational programs and materials to our youth in order to promote a tobacco-free society. We share in our attempts to develop and implement policys within our community that will aid us in reducing tobacco use in Michigan to 15% by the year 2000.

The accomplishments of SMART, through its grassroots approach, have been tremendous in our fight against tobacco use in Genesee County. As a representative of both the American Lung Association and the SMART Coalition I pledge my continued support and dedication to the promotion of a smoke-free society by the year of 2000.

Juliana Huston Frogram Director



Children... a good place to start.

July 16, 1990

Robert Pestronk, M.P.H. Health Officer Genesee County Health Department 310 W. Oakley Street Flint, MI 48503

Dear Mr. Pestonk:

On behalf of the Mott Children's Health Center, I am pleased to submit this letter of support for the Michigan Department of Public Health to secure funds for the ASSIST Program from the National Cancer Institute.

The activities of the S.M.A.R.T. (Smoke-free Multi Agency Resource Team) Project makes Genesee County an ideal site to reach the goal of reducing tobacco use to 15 percent by the year 2000. I have been a member of the S.M.A.R.T. Project since its inception and currently chair the Youth Subcommittee. Our track record demonstrates our commitment to prevent and reduce tobacco use by young people in our community.

Specifically, the Youth Subcommittee has been able to develop and distribute resources available to students, teacher, parents and others for educational and smoking reduction purposes. Additionally, efforts to work with the medical community to emphasize the risks of smoking for pregnant women have also been accomplished. We look forward to continuing our efforts over the next year through encouraging smoke-free schools, complimentary lessons for the Michigan Model for Comprehensive School Health Education and special marketing efforts via existing youth programs.

I am pleased to be a part of this effort and I look forward to accomplishing the S.M.A.R.T. goal for tobacco-free teens.

Sincerely,

Susan Tippett

Adolescent Programs Facilitator

Susan tippett

kap

LETTERS OF COMMITMENT

UPPER PENINSULA TOBACCO-FREE COALITION

Marqueice County Health Depar nent



184 U.S. 41 HIGHWAY • NEGAUNEE, MICHIGAN 49866 RANDALL M. JOHNSON, M.D., M.P.H., DIRECTOR

July 18, 1990

Administration 475-9977

Clinic Services 475-7844

WIC Program 475-7846

Field Nursing Services 475-4158

Environmental Health 475-4195

Health Education 475-7848 Ms. Andrea Poniers
Tobacco and Cancer Unit,
Center for Health Promotion
3423 N. Logan
P.O. Box 30195
Lansing, Michigan 48909

Dear Ms. Poniers:

This letter is to acknowledge the support of the Marquette County Health Department for the proposed Michigan ASSIST Project. This Department holds tobacco related interventions as a priority. We recognize the potential for improved public health status when tobacco use is controlled.

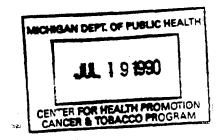
The Upper Peninsula Health Officers have collectively conferred with the Michigan Department of Public Health and are committed to carrying out the Upper Peninsula component of the ASSIST project. We have a successful history region-wide of cooperating on various projects and similar issues. An example is the area of worksite wellness. The Marquette County Health Department serves the region as coordinator for the Michigan Health Initiative's worksite health promotion program. Our role is to provide coordination and leadership to providers and health departments throughout the region. Representatives from each health department serve on the program's board.

Marquette County also has extensive history as a leader in the Upper Peninsula for tobacco related activity. We have initiated the Marquette County Tobacco or Health Community Coalition. The successes of this effort are described in the proposal. Our most noteworthy accomplishment was the enactment of a county ordinance to limit tobacco access to minors. This is a testament to the support also shared by our Board of Health and Board of Commissioners for tobacco reduction efforts.

The ASSIST project is an exciting opportunity for Michigan and the Upper Peninsula. The Marquette County Health Department looks forward to the challenge and its role in this project.

Sincerely yours,

Randall M. Johnson, M.D. Director/Health Officer



DELTA-MENOMINEE DISTRICT HEALTH DEPARTMENT

2920 College Avenue Escanaba, Michigan 49829 Phone (906) 786-4:111 FAX (906) 786-1962 909 Tenth Avenue Menominee, Michigan 49858 Phone (906) 863-4451 FAX (906) 863-7142

July 17, 1990

John Beasley, Chief of Program Development Section M.D.P.H.
P. O. Box 30195
Lansing, MI 48909

Dear Mr. Beasley:

The Delta-Menominee District Health Department strongly supports the goals and objectives of the ASSIST Project to dramatically accelerate the reduction of tobacco use through intensive efforts.

We recognize that smoking is the number one preventable health problem in the world today and, as prevention is the goal of public health agencies, Delta-Menominee is committed to participating in the U.P. Coordinating Coalition and initiating anti-tobacco coalitions in the district's communities. In order to prove its commitment to a non-smoking, tobacco-less society, no smoking has been allowed in either office of the district for some time.

The Delta-Menominee District Health Department has endorsed efforts at community health education by participation in such programs as the Upper Peninsula-wide "Health Is In Your Hands...Take the First Step" walking program on September 28, 1989. Participation in the district was 25% of the population in Delta County and 16% of the population in Menominee County, on of the largest turnouts in the Upper Peninsula. We have supported the U.P. Regional Technical Assistance Center in developing the Worksite Wellness Program through M.D.P.H.'s Michigan Health Initiative from its inception and takes an active role on the Advisory Board.

We look forward to working closely on the ASSIST program with M.D.P.H.'s Cancer and Tobacco Unit of the Center for Health Promotion to ensure the success of this worthwhile endeavor.

Sincerely,

John R. Petrasky, M.D., M.P.H. Medical Director/Health Officer

JRP:nmp

attachment



LUCE - MACKINAC - ALGER - SCHOOLCRAFT DISTRICT HEALTH DEPARTMENT

OFFICES

LUCE COUNTY & ADMINISTRATIVE OFFICES
P.O. Box 398
Newberry, MI 49868
(906) 293-5107

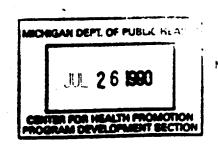
MACKINAC COUNTY 117 Ferry Lane St. Ignace, MI 49781 (906) 643-7700

ALGER COUNTY

101 Court Street. Munising, MI 49862-(906) 387-2297.

CHOOLCRAFT COUNTY

County Building Manistique, MI 49854 (906) 341-6951 July 23, 1990



REPLY TO: LUCE COUNTY P.O: Box 398 Newberry, MI 49868 (906) 293-5107.

Mr. John Beasley Chief of Program Development Sec. Michigan Dept. of Public Health 3423 North Logan, P.O. Box 30195 Lansing, MI 48909

RE: Michigan's ASSIST Project

Dear Mr. Beasley:

As Director of the Chippewa County Health Department and the Luce Mackinac Alger Schoolcraft District Health Department, I strongly support the U.P. as an intervention site for the Michigan's ASSIST Project. The Chippewa County Health Department and the Luce Mackinac Alger Schoolcraft District Health Department will participate in the U.P. coordinating coalition. The two health departments in the Eastern Upper Peninsula have targeted youth and women of child bearing age for reduction of tobacco utilization.

Tobacco coalitions have been established in Alger and Chippewa Counties. Both coalitions are working on smoke free schools, the hazards of tobacco use for the general community and the adoption of tobacco vending machine regulations to reduce access of tobacco products to youth. I plan to expand tobacco coalitions into Luce, Mackinac and Schoolcraft Counties as staff are identified to support each county coalition. The health department staff working with the Chippewa and Alger County tobacco coalitions are also members of a tobacco coordinating committee which includes Marquette County in the Upper Peninsula. The tobacco coordinating committee provides an opportunity for staff to exchange ideas and to work collectively in the reduction of tobacco use.

Local health departments in the Upper Peninsula have a long history of working together and providing public health Local health departments in the Upper Peninsula services. are currently providing services to diabetics through contract with the Wester U.P. District Health Department. U. P. environmental health directors and nursing directors meet regularly to share information, review programmatic criteria and communicate with MDPH on specific and nursing The U.P. environmental health decisions. staff their directors also establish programs for in respective disciplines on a regular basis. The local health

departments in the Upper Peninsula also hold an annual U.P. Public Health Conference in which all disciplines are brought together to share information, meet with staff from the Michigan Department of Public Health, and receive specific information from experts in the field in order to strengthen our capabilities in providing timely services. Five of the six Upper Peninsula health departments have the same computer system. A regional computer group has been established which allows a variety of talents in the Upper Peninsula to be of assistance each other in the development of a comprehensive There is a continual sharing of data management system. information between the health officers and throughout the staff at the local health department level in the Upper I believe the record of cooperation and Peninsula. coordination between the Upper Peninsula local health departments speaks highly of our ability to work together.

The variety of categorical programs offered by the Chippewa County Health Department and Luce Mackinac Alger Schoolcraft District Health Department I believe speaks highly of our close working relationship with the Michigan Department of Public Health. The local health departments in the Eastern Upper Peninsula are dedicated to meeting the health needs of I believe the level of support for the our communities. Michigan Department of Public Health demonstrates their confidence in our ability to provide quality services. have developed a relationship with the Director of the Michigan Department of Public Health and with the individual bureau staff throughout the agency. Several of the staff in these two departments serve on state wide committees that develop public health policies for the State of Michigan. We look forward in working with a state wide tobacco coalition to develop intervention programs in our local communities state wide for reducing tobacco utilization.

Both of these departments currently are in the development stages of a regulation to ban the sale of tobacco products to children, as a local ordinance, and regulation to restrict vending machine locations. We have worked collaboratively with the Marquette County Health Department in this process, and with sister health departments in Northern Lower Michigan. Additional effort to reduce the prevalence of tobacco related health problems are totally consistent with the agency's primary obligation to reduce the incidence of preventable premature mortality.

Both of these departments have a many year track record of active involvement in smoking morbidity and mortality reduction. Staff members in each agency have been trained to conduct smoking cessation programs, through several different organizations. We currently have staff who conduct the American Lung Association Freedom From Smoking Intervention, on a fee for service basis. Staff members have been trained in teenage smoking cessation programs. Agency

staff members have participated in the Seventh Day Adventist smoking efforts, and we have explored other kinds of programs. Agency staff have served on a number of task forces and at least one governor's commission on tobacco morbidity reduction practices. I assure you that we will continue to invest as much energy as we can afford addressing this major preventable public health problem.

I am committed as Health Officer for the Eastern Upper Peninsula Health Department to reduce tobacco consumption to community intervention programs. I believe the ASSIST Program offers an excellent opportunity in making in-roads in tobacco reduction of the citizens living in the Eastern Upper Peninsula as well as the total U.P. I look forward in working with my fellow health officers in achieving that end.

Sincerely,

Gamas Lerian m.D. J.
James Terrian, M.D. J.
Director

JT/gm



540 Depot Street, Hancock, Michigan 49930. Phone: 482-7382:

Western Upper Peninsula District Health Department

BRANCH OFFICES

210 East Mary St Besserner Michigan 49911i Phone 667-0263 115 N. Front St. L'Anse, Michigan 49946 Phone: 524-5142 725 Greenland Road Ontonagon Michigan 49953 Phone 884-4485 884-2047.

July 17, 1990

Ms. Andrea Poniers
Tobacco and Cancer Unit
Center for Health Promotion
Michigan Department of Public Health
3423 No. Logan - P.O. Box 30195
Lansing, Michigan 48909

Dear Ms. Poniers:

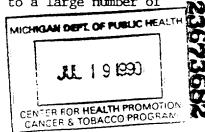
As Medical Director/Health Officer of both the Dickinson-Iron and Western U.P. District Health Departments, I am in a position to offer strong support to the Michigan ASSIST project application.

I have discussed this with some of the staff of the Michigan Department of Public Health and have had discussions with fellow health officers in the Upper Peninsula. We have every intention of working closely with the Michigan Department of Public Health and with the other health jurisdictions in the U.P. to, in our case, upgrade the activities in smoking prevention and cessation.

In the Dickinson-Iron Health Department we are in the process of developing a health education position which will be used to support the activities in the ASSIST project. In the Western U.P. we have a health education position which is currently unfilled, but we intend to utilize other personal health services staff to support this project. We do have staff in the Western U.P. who have been trained in smoking cessation and we also have a large substance abuse staff who are working in the schools with prevention and counseling. We would use that staff to aid us in the new effort in smoking cessation and prevention.

The health departments in the Upper Peninsula have a strong record of working together, the most recent being in the long term care project which resulted in new recommendations for long term care in the Upper Peninsula. This was a joint effort by all health departments, administered by Western U.P., and resulted in an excellent opportunity to work with the Michigan Department of Public Health, Bureau of Health Facilities, in their certificate of need process. As a result of this joint process changes have been made in delivering long term care in the U.P.

In addition to the long term care project, all departments are currently working together in the U.P. Diabetes Network. All local departments are participating in providing special kinds of education and treatment services to a large number of



Ms. Andrea Poniers July 17, 1990 Page Two

diabetics in the Upper Peninsula population. These are but two examples of the cooperation of the Upper Peninsula health departments working with the Michigan Department of Public Health, using either state or federal funds, as well as local funds, to concentrate on a specific problem or disease entity for further attention.

I welcome the opportunity to support the application of the Michigan Department of Public Health in the ASSIST project and will look forward to working with the department and other local health departments in the U.P. in implementing the project.

Sincerely,

Kenneth E. Rowe, M.D., M.P.H. Health Officer/Medical Director

KER:1b

MICHIGAN DEPT. OF PUBLIC HEAT



MICHIGAN DIVISION, INC., UPPER PENINSULA AREA OFFICE

August 29, 1990

Randall Johnson, M.D.
Health Officer|Medical Director
Marquette County Health Department
184 US Highway 41 W.
Negaunee, Mi. 49866

Dear Dr. Johnson,

Reducing tobacco use is but just one of the American Cancer Society's major goals of the 1990's. I gladly endorse your agency's efforts to further this cause through application for an ASSIST award. We would be glad to provide resources for this effort by serving on coalitions, working in the schools and/or with the local Health Department. A combined effort of all health related agencies is needed for this project and I strongly recommend approval of the award so our area can join the fight.

Sincerely.

Joyce LaCrosse, President Luce County Unit

American Cancer Society

Ence La Cross - Juse Co Unil

UPPER PENINSULA REGION • 118 W. WASHINGTON, MARQUETTE, MICHIGAN 49855 • 906/228-9833

July 20, 1990

John Beasley Michigan Dept. of Public Health Center for Health Promotion 3423 N. Logan P.O. Box 30195 Lansing, MI 48909

Dear Mr. Beasley,

I am writing a letter in support of the Marquette County Tobacco or Health Community Coalition's involvement in the ASSIST community project.

I heard Carol Callaghan describe the project at our summer staff meeting in Lansing Wednesday, July 18 and was excited about Marquette County's involvement. Having been involved in the past three years with tobacco-related projects as part of the Coalition has been a great experience. The goals of the Coalition correspond to our Association's goals and plan of action and it so much better to join forces and work on things like Tobacco Expose', Vending Machine Bans, Smokefree Class 2000, etc. We would continue to lend staff and volunteer support to the ASSIST project whenever possible.

Please consider our Upper Peninsula Regional Council in full support of the U.P. as being an intervention site for the ASSIST project. As Regional Director, I am familiar with the activity and need for more in many areas of the U.P. and I see ASSIST being helpful in tobacco reduction efforts in those locations. Thank you for the opportunity to have input and I am looking forward to working with the Coalition and George and Leslie and others to bring about change.

Sincerely,

CArol Margrif Regional Director

Take Care of Your Lungs. They're Only Human.

Affiliated with the American Lung Association



action shopper-news

p.o. box 429 • 1010 west washington street • marquette, michigan 49855

July 18, 1990

John Beasley
Michigan Department of Public Health
Center for Health Promotion
3423 North Logan; P.O. Box 30195
Lansing, MI 48909

Dear Mr. Beasley:

I have been a member of the Marquette County Tobacco OR Health Community Coalition since its very beginning. It has been exciting to be a part of many innovative and effective programs. The coalition's efforts, through the inspiration and leadership of Marquette County Health Department personnel, have been rewarded with success in awareness building and in terms of a unique county ordinance which restricts sales of tobacco products to children. I plan to remain a member of the coalition and am completely committed to its continuing success. The efforts of the department and the coalition to reduce tobacco use continue to be a bright star for Marquette County and the State of Michigan.

The Marquette County Tobacco OR Health Coalition would be a natural vehicle to work successfuly on the proposed ASSIST project. The pattern the coalition has established for the Marquette County area easily could be transferred to the rest of the Upper Peninsula, and already is viewed as a model in other areas of the state. Choosing the Upper Peninsula as an intervention site for this project would prove to be a very effective utilization of the available funding. The existence of a coalition with such an outstanding track record would allow the project to "hit the ground running" in the entire area.

As editor and publisher of the Action Shopper-News I have been delighted to have our paper be a part of all coalition programs. We have featured articles promoting tobacco reduction in a variety of ways, and will continue to provide space for things related to reducing the use of tobacco in our society.

I feel strongly that a very important part of our mission at the Action Shopper-News is to provide an opportunity for agencies such as the Marquette County Health Department to reach our readers with their very important message. This will remain at the top of our priority list.

Yours in health,

Patricia Ryan O'Day Editor and Publisher Participating Agencies:

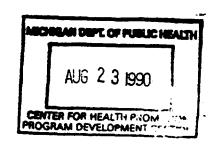
Alger-Marquette Community
'ental Health Center

partment of Community
Services and Family Life

Marquette-Alger Intermediate School District

Marquette County Health: Department

Marquette General/Hospital/





A COOPERATIVE INTER-AGENCY PROJECT FOR MARQUETTE COUNTY

August 15, 1990

Mr. John Beasley Michigan Department of Public Health 3423 North Logan P.O. Box 30195 Lansing, Michigan 48909

Dear Mr. Beasley:

The Employee Assistance Service (EAS) of Marquette County promotes worksite wellness programs among area businesses. The efforts of the Marquette County Tobacco or Health Community Coalition have been very helpful in this promotion. We are committed to supporting their efforts and encouraging their activities.

In the near future, we plan to co-sponsor a workshop with the Coalition which will demonstrate to business owners and managers how they can adopt policies which effectively deal with "second-hand smoke" issues. We can easily envision replication of local efforts to other communities in the Upper Peninsula.

We join other Michigan agencies in supporting the State Health Department in their efforts to obtain an ASSIST grant through the National Cancer Institute and the American Cancer Society. We pledge our support, and look forward to working with the Marquette Coalition as these programs and activities develop.

Sincerely,

Cynthia Lewis Shaffer, M.A.

Capither Lewis Shaffer

Clinical Consultant

Mr. John Beasley, Chief Program Development Section Michigan Department of Public Health 3423 N. Logan, Box 30195 Lansing, MI 48909

Dear Mr. Beasley:

I am writing to you on behalf of the Chippewa County Tobacco Coalition based in Sault Ste. Marie, Michigan.

I am employed with an Native American organization called Inter-Tribal Council of Mich. This organization integrates the five federally recognized tribes in Mich. to provide progrramming for Indian communities. Some programs include education, employment, health, mental health, substance abuse, economic development, social services, child welfare, parenting education, and family and individual counseling services. Although the majority of my co-workers are smokers, I am a non-smoker, and feel there is a great need for tobacco reduction in our state and nationwide, but most especially in the Upper Peninsula. We are in an area where we are the target of a great deal of pollution from the steel plant across the river (Sault Ste. Marie, Ontario) and get the air pollution as well from as far as the nickel plant in Sudbury, Ontario. Since Michigan is such an abundant area with its five fresh water lakes and varied wildlife, the time for intervention to preserve our habitat is now, and overcoming the flood of tobacco products in this area is a great start. As a non-smoker and an individual who suffers from mild asthma, I am an active member in the Sault's Tobacco Reduction Coalition and would like to contribute my efforts toward this cause now and in the future.

I strongly support Michigan's participation in this project and hope to see a tobacco free Michigan in the near future. We've come a long way with smoking now being restricted in public buildings and most commercial airline flights and a tobacco free environment can indeed become a reality with continual research and support.

Sincerely,

Deirdre Berardi Inter-Tribal Council of Mich.

irdre Brarli

LETTERS OF COMMITMENT

SMOKE-FREE AIR FOR EVERYONE (Kent County Coalition)

KENT COUNTY HEALTH DEPARTMENT



700: FUILLER; N.E.. GRAND RAPIDS, MICHIGAN 49503 774-3030 FAX: 774-3884: DOUGLAS A. MACK, M.D., M.P.H., PUBLIC HEALTH DIRECTOR

July 25, 1990

John Beasley, Chief Program Development Section Michigan Department of Public health 3423 N. Logan, P.O. Box 30195 Lansing, Michigan 48909

Dear Mr. Beasley:

Kent County Health Department has been invited to become an intervention site for Michigan's ASSIST Project application and to help prepare the proposal for the ASSIST project. The director of the Health Promotion/Disease Prevention Division, Dr. Randall Todd, and I met with representatives of the American Cancer Society and the Michigan Department of Public Health on June 25, 1990, for a discussion of that proposal.

I am pleased to support the ASSIST project by offering planning support for the design of the smoking reduction interventions. One full-time Planner/Evaluator is designated as the liason to the Health Promotion/Disease Prevention Division to work on these and other divisional issues. Additionally, we have dedicated two-tenths of the time of one health educator for the formation of an antismoking coalition, and to aid in the development of coalition plans.

Kent County Health Department has had great success in working with the Center for Health Promotion in such projects as the Health Education Lifestyle Project, the Michigan Health Initiative program and AIDS counseling and testing (SOAP) funding.

Sincerely,

Douglas A. Mack, M.D., M.P.H.

angles A. Mack/BB

Public Health Director

DM/psp

Contact Person
Nancy Peot
Planner/Evaluator



KENT COUNTY UNIT OFFICERS 1989-1990

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F. Raymer Lovell, Jr., M.D. Vice President

Judy A. Helder Vice President of Education

James J. Rosloniec Treasurer.

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EXECUTIVE DIRECTOR

Nancy C. Lyons

Peter M. Weee

August 22, 1990

Mikelle Whitt
Michigan Department of Public Heath
Cancer Prevention and Control
3423 North Logan
P.O. Box 30195
Lansing, MI 48909

Dear Mikelle,

On behalf of the Kent County Unit Board of Directors of the American Cancer Society, I would like to submit this letter of support in Michigan's participation in the ASSIST program.

1

The American Cancer Society is the nationwide health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives from cancer, and diminishing suffering from cancer through education, service and research.

We are actively participating in the SAFE Coalition in Kent County and look forward to the growth and effectiveness anti-tobacco coalitions will experience in the future.

If I may be of further service, please do not hesitate to call.

Most sincerely,

Nancy C. Lyons Executive Director Kent County Unit

American Cancer Society

NCL/jh



ALLIANCE FOR HEALTH

PLANNING & EVALUATION & RESEARCH & CONSULTATION & EDUCATION

72 MONROE CENTER, N.W., SUITE 200 . GRAND RAPIDS, MICHIGAN 49503-2930

RECEIVED

JUL 2 6 1990

Kent County Health Dept.
Administration

July 25, 1990

Douglas A. Mack, M.D., M.P.H. Public Health Director Kent County Health Department 700 Fuller NE Grand Rapids, MI 49503

Dear Dr. Mack:

The ALLIANCE FOR HEALTH, without reservation, endorses the Kent County Health Department's project ASSIST grant application.

During its 42-year history of regional community health planning, the ALLIANCE FOR HEALTH has placed high priority on the prevention of disease and injury. Project ASSIST fits that category.

The Kent County Health Department is exceptionally well qualified to administer this project. The Department has a long history of having strong and positive support from the community and a reputation of cooperation with all segments of the health care system in West Michigan. It has an outstanding administrative and service staff, dedicated, highly competent, and outcome oriented. I am convinced that any allocation of funds will result in a high quality and effective product, the significant reduction of smoking and resulting diseases in West Michigan.

Please don't hesitate to contact me if you need additional information on if I can be of further assistance.

Sinceraly,

Philib E. VanHeest

President

PVH/jmm



women's service network

124 East Fulton Grand Rapids, MI 49503 (616) 458-2544

June 5, 1990

Arme Drabczyk, M.P.H., C.H.E.S. SAFE Coalition KCHD 700 Fuller, NE Grand Rapids, MI 49503

Dear Anne:

It is a pleasure to saimit a letter of support for the SAFE Coalition!

I have been co-shair of SAFE for over a year and I have felt honored to be a part of this impostive, much needed coalition.

s director of a chemical dependency prevention and education program for women, I have worked with many clients who have serious addictions to microtine, which have resulted in devastating health, financial, social and employment complications. Because microtine is a drug, it is crucial to provide education, prevention and early intervention in our community. It becomes especially important to impact the youth, as they are attracted to the glamour and sophistication associated with smoking. Reducing the access to tobacco products for youth is a step in the right direction of early intervention. Moreover, microtine is one of the "gateway drugs", (along with alochol and maniplema), that lead young people to experimentation and use of other drugs.

SAFE is vital to the continuing of education, prevention programming and healty lifestyle choices for the residents of Kent County. I have and will continue to be a part of numerous boards, committees, and councils, however, SAFE is one coalition that I will be involved with for a long time, for personal and professional resears.

Suckefiree Air Ror Everyone is more than just a concept

Good luck and continued success.

Sincerely,

Euroice C. Rhodes

Director of Prevention, WEN Co-chair, SAFE Coalition

MICHIGAN TOBACCO REDUCTION COALITION NEWSLETTER

Tobacco Coalition Coordinators Meet In East Lansing

Michigan Tobacco Reduction Coalition Coordinators met at the East Lansing Holiday Inn on June 13th, to share program/action information. Special guest was Tom Novotny, M.D., Project Consultant for the Center for Disease Control-Rockville, MD. Dr. Novotny highlighted national tobacco-reduction efforts, and commended the coalition movement in Michigan. An invitation to attend was also extended to similar groups in Michigan including People Against Smoking (PATS), the Coalition Against Billboard Advertising of Alcohol and Tobacco (CABAAT), and Smokebusters 2,000. Updates from this meeting can be found throughout this issue. Coalition Coordinators are pictured below and Michigan Department of Public Health-Cancer and Tobacco Unit staff are pictured on page four.



Pictured left to right: Marv Bauman-CMHD, Catherine Brauer-PATS, Colleen Burzynski-SMART, Sharon Boczkaja-DHD#5, Kim Singh-MMHD, Helen Lee-CMHD, George Sedlacek-Marquette County Tobacco or Health Community Coalition, Barb Muller-Washtenaw Co. Smokebusters 2000, Anne L. Drabczyk-SAFE, Dale Ertzinger-Muskegon Area Coalition for a Smokefree Environment, Kerry Daniels M-CAT, Bev Solik-Clinton County Coalition for Tobacco Reduction, Amy Barco- Gratiot County Coalition for a Tobacco-free Society. Photo courtesy of Dale Ertzinger.

In This Issue:

Nationwide Tobaco Reduction Projects Page 2
Tobacco Reduction Efforts in Michigan Page 2
SAFE Coalition Page 3
SMART Project Page 3
Muskegon Coalition Page 3
CABAAT Page 3
Tobacco-Free Michigan Action Coalition Page 40
Marquette Coalition Page 4
Chippewa Coalition Page 5
Write For More Information — Page 5

Nationwide Tobacco Reduction Projects

Smoking Cessation Among Older Adults

In December 1989 the American Association of Retired Persons (AARP) convened a Task Force on Smoking Cessation Among Older Adults. Part of its proposed health promotion initiative is to increase the number of older adults who successfully quit smoking and remain smoke-free. For more information, write:

The National Resource Center on Health Promotion & Aging AARP 1909 K Street NW, 5th Floor Washington DC 20049

Behaviors, Attitudes, Beliefs, and Intentions of a Group Of Low-Income Women Regarding Smoking and Smoking Cessation

In February 1990, a survey was conducted of 133 pregnant women at a WIC clinic in Holyoke MA. Results of this research provide information and can be used to design programs for this target population. For more information, write:

Division of Health Education University of Massachusetts Amherst MA 01003

"No Ifs, Ands, or Butts"

This innovative awareness campaign in which fifth graders in western Massachusetts pledged to never smoke or use smokeless tobacco, was a real success. It was designed to reinforce skills, knowledge, and attitudes which have been developed through ongoing smoking education programs in the schools. For more information, write:

Western Regional Health Promotion Council Department of Health
Western Massachusetts Office
23 Service Ctr.
Northampton MA 01060

Tobacco Reduction Efforts Around Michigan

Ottawa County Smokefree Ordinance Patricia Rehfield, D.O. (616) 396-5266

The Final phase in period for the Ottawa County Smokefree Environment ordinance occured July 1, 1990. The last county properties to comply were the jail facility, residential group homes, work release facility, Community Haven, and all county-owned vehicles.

People Against Tobacco Smoke (PATS) Catherine Brauer, Coordinator (313) 852-PATS

At the recent Coalition Coordinators meeting, Catherine provided a brief history of PATS, which was founded in 1985. Their current membership is approximately 108, and is statewide. They recently had a Detroit News reporter publish a guide to smokefree restaurants in the metro-Detroit area. For more information, Write P.O. Box 214294, Auburn Hills MI 48231

Washtenaw County Smokebusters 2,000 Barb Muller, Coordinator (313) 971-4582

A historical perspective of projects accomplished by the coalition were shared at the Coordinators meeting: pamphlet of countywide cessation programs, formation of Smokers Anonymous Support Group, educational booth at the Ann Arbor Art Fair, and a Task Force to pass a local ordinance for smokefree public places including shared living areas of rental units. Barb also distributed their business card which has Quit Tips on one side and the Smokebusters 2,000 number on the reverse.

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Page Two

SAFE Coalition of Kent County Anne L. Drabczyk, Coordinator 616/774-3806



Based on the recent Opinion Card project, citizens of Kent County noted a few comments about eating out. A seat in the non-smoking section is requested by 80% of restaurant patrons, and 59% would not wait beyond 5 minutes, if one was not available. The dining public must make an effort to let restaurant managers know what their needs are. An overwhelming 81% of those polled favored nonsmoking lobbies, and given the hazards of secondhand smoke, it is a great idea. Owners should take note that customers would not mind waiting a bit longer for a seat if they could do so in a non-toxic zone. SAFE will publish the results of their two-phase project in a news release. A follow-up letter will also be sent to restaurants surveyed, as we continue to work toward increased non-smoking area seating.



Colleen Burzynski, Coordinator 313/257-3107

SMART has lined up a busy schedule for this Fall with many projects focused on the schools. An informational refrigerator magnet will be produced for high school students and a poster contest is slated for fifth graders. The group will also be working with the Student Senate of Mott Community College (Flint): to develop model proposals for improved designated non-smoking areas on campus.

Muskegon Area Coalition for a Smokefree Environment Dale T. Ertzinger, Coordinator (616) 724-6350

Phillip Morris recently provided a \$10,000 sponsorship for the 'Lumbertown Festival,' a long standing Muskegon summer event. In return, the "Marlboro Man" was present in force throughout the festival, giving out free cigarette samples. coupons, and similar promotions. In response, the Coalition prepared an educational campaign and established an informal monitoring of sampling to minors. A flyer was designed which cited information about the Youth Tobacco Act on one Side, and a mission statement of the coalitions purpose on the reverse side. A request for assistance from the public in monitoring tobacco industry activities, was also included. The Coalition will repeat this effort at the 'Shoreline Spectacular' event, slated for Labor Day weekend.

CABAAT Kadesa McGowen, (313) 965-1866

The Coalition Against Billboard Advertising of Alcohol and Tobacco (CABAAT) was founded by Wayne County Commissioner Alberta Tinsley-Williams in December 1988. A Detroit City Council investigation of the proliferation of alcohol and tobacco billboards, documented that 52% of the 4.144 billboards in Detroit advertise alcohol or tobacco products." Kadesa McGowen, a CABAAT Outreach Worker, presented an overview of the organizations goals at the Coalition Coordinators meeting. Excerpts from their 'Meaning of the Message' Workshop were presented. The workshop delivered in over 150 classrooms throughout the metro De troit area, teaches students how to read billboards for hidden messages from the tobacco/c alcohol industry, and how to choose healthy lifestyles instead. For more information write: CA-BAAT, 65 Cadillac Square, Ste. 3200, Detroit, MI 48226.

Kudos For Marquette County!

For their efforts to reduce the use of addictive tobacco products Marquette County Tobacco or Health Coalition recieved recognition from the Michigan Department of Public Health (MDPH) during a June 15th awards cermony. Raj Weiner MDPH Director, noted that the Coalition's efforts in tobacco control programming, is a model for communities across the state. The Coalition was established in 1987 by the Marquette County Health Department as part of a statewide antitobacco network. Since its inception, the Coalition has developed innovative programs which have received nationwide recognition from the American Cancer Society, U.P. Public Health Association and similar groups.

Contact either George Sedlacek or Nancy Quaerna-Varline at (906) 475-7848. They would be happy to share success strategies with you.

MDPH-Cancer and Tobacco Unit Staff at the Coalition Coordinators Meeting



Pictured left to right Dawn Spitler, Paulette Valliere, Andrea Poniers, Mikelle Whitt, Carol Callaghan, Mignonne Radja, Tom Novotny, Project Consultanti, Center for Disease Control, Rockville MD Photo courtesy of Dale Ertzinger

Tobacco-Free Michigan Action Coalition

Throughout 1989, a wide variety of concerned professionals from the health care, educational, legislative, and business arenas, came together as a task force to draft the 'Tobacco Free Michigan 2000 Report.' The release of this report in January 1990 brought with it a strong commitment from the Michigan Department of Public Health to aggressively pursue the task force's recommendations for significantly reducing the use of tobacco in our state.

At a premier meeting on June 26th, the Tobacco-Free Michigan Action Coalition came together to plan implementation of the goals set forth in the task force report. The word "action" was purposefully included in the name of this group, in order to emphasize the task at hand.

Two 'issue groups' were formed to strengthen the Clean Indoor Air Act, and pursue Youth Tobacco Use Reduction. The following objectives for each issue group were proposed:

Clean Indoor Air:

- Expand and strengthen the Michigan Clean Indoor Air Act to the private sector.
- Enhanced non-smoking areas in restaurants.
- Tobacco-free health care facilities.

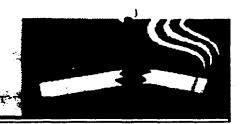
Youth Tobacco Use Reduction:

- Increased tobacco excise tax.
- Licensing of tobacco vendors.

Andrea Poniers, a Consultant with the Cancer and Tobacco Unit, Center for Health Promotion, will serve as staff support as the Tobacco-Free Michigan Action Coalition progresses. We will report on the efforts of the group as they gear up for policy and legislative activities toward a "Tobacco-Free Michigan 2000".



Chippewa County Tobacco Coalition Becky Steele and Michelle Ribant, **Co-Coordinators -(906) 635-1566**



On June 4th, The Evening News, a daily newspaper serving a population of 29,000 in Chippewa County, had headlines reading "Study: Minors Easily Get Illegal Smokes." What followed were the revealing results of the Student Tobacco Use Survey, conducted by the Chippewa County Tobacco Coalition in Sault Ste. Marie.

Over 1,400 adolescents, representing grades seven through twelve, voluntarily participated in the confidential survey, answering questions relating to their current tobacco use and the methods by which they obtain their tobacco products. Fifty percent had one or both parents who smoke, although 80% felt their parent's smoking had no influence on their choice to smoke or to not smoke. Overwhelming responses were positive for initiating smoke-free school policies and smoking cessation clinics for fellow students who had indicated a desire to quit smoking. Over 85% felt knowledgeable of the health dangers of tobacco and the harmful threat of "secondhand" smoke.

Of those polled, 60% of the 7th-12th graders have had the opportunity to try smoking or chewing tobacco. Surprisingly, as much as half, or 30% this number, could be considered "regular" smokers, with the highest tobacco use shown among 17-year olds.

The discovery the 34% that underage smokers obtained their tobacco products illegally overthe-counter was "shocking" according to Michelle Ribant, Registered Sanitarian for the Chippewa County Health Department and Co-Coordinator for the Tobacco Coalition. "It indicates the Youth Tobacco Act is not working," she said.

The Coalition's next step, is to use the survey results to support a tobacco licensing and restriction ordinance similar to Marquette education awareness materials on the Youth Tobacco Act will be distributed to tobacco retailers within the county.

For a copy of the student survey and a teacher's packet with directions for use, contact Michelle or Becky.

For More Tobacco-Reduction Information - Where to Write

Many of our readers have requested the address of national tobacco reduction projects. Some of these groups produce newsletters, have model programs, or similar resources. Please forward contacts we have not yet listed, so we may continue our networking. Thank you, the Editor

Stop Teenage Addiction to Tobacco (STAT) 121 Lyman ST, Ste. 210 Springfield, MA 01103 (413) 732-STAT * Produce an outstanding resource, the Tobacco and Youth Reporter

Minnesota Coalition for a Smokefree Society 2,000 2221 University Ave SE, Ste. 400 Minneapolis, MN 55414 (612) 378-0902

*Publish: Countdown

American for Nonsmokers Rights 2054 University Ave, Ste. 500 Berkeley, CA 94704 (415) 841-3032 *Publish: ANR Update

July/August Issue 1990

Coalition members may wish to support statewide organizations in their tobacco reduction efforts by participating in activities like the 'Bicycle Around Michigan Trek'. See details below...

The Michigan Tobacco Reduction
Newsletter, produced bi-monthly,
is funded by a grant from the Cancer
and Tobacco Unit - Center for Health
Promotion of the Michigan Department
of Public Health.

Coalition Coordinators, Contributing Reporters

Anne L. Drabczyk, MPH, CHES Newsletter Editor

Deadline for the Sept/Oct Issue is Aug 17th, 1990

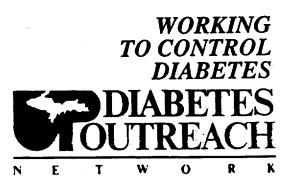
Please Phone (616) 774-3806 if you have any questions or comments. Thank-you!



Kent County Health Department 700 Fuller Avenue, N.E. Grand Rapids, Michigan 49503 BULK RATE U.S. POSTAGE PAID GRAND RAPIDS, MI PERMIT NO. 806

APPENDIX

Diabetes Outreach Network Summary



Foreword

Diabetes is an important public health problem in Michigan. Over 250,000 Michigan residents have diagnosed diabetes and an additional 200,000 have undiagnosed diabetes. It is the seventh leading cause of death in the state and one of the ten leading causes of premature death. This disease is especially common among the elderly and minority groups such as Blacks, Hispanics and Native Americans.

Diabetes can result in other health problems such as amputations, blindness, heart and blood vessel disease and kidney failure. Given that these complications can often be prevented or alleviated through proper medical management, patient knowledge and self-care practices, it is imperative that all persons who have diabetes receive appropriate care and education.

The Upper Peninsula of Michigan contains many elderly people with diabetes and a relatively large percentage of residents with diabetes who are Native American. Access to medical care in this rural area is poor due to its sparse population and a high unemployment rate. As a result, many people in the Upper Peninsula with diabetes are at high risk for poor management of the disease and for long-term, degenerative diabetes complications.

in response to the needs of these persons with diabetes, the Michigan Department of Public Health has supported since 1985 the development and continued efforts of the Upper Peninsula Diabetes Outreach Network (UPDON). UPDON provides persons with diabetes living in the Upper Peninsula with help in managing their diabetes through comprehensive assessment, individualized education, and referrals to specialty care. Led by the Western Upper Peninsula District Health Department, UPDON includes numerous local public and private health care agencies, hospitals and physicians committed to quality care. Due to the coordinated efforts of these health care agencies and providers, UPDON reaches all areas of the Upper Peninsula.

UPDON has been a very successful project. Individuals who required specialty care for eye, foot or blood pressure problems have been seen by the appropriate health care provider. Self-care problems experienced by the people participating in UPDON such as poor diet, inappropriate foot care and difficulty monitoring blood glucose levels have been resolved through the personal, one-to-one patient education that UPDON provides. These accomplishments will prevent or reduce the complications of diabetes such as uncontrolled high blood pressure, foot and leg ulcers, amputations and vision loss.

Based upon the accomplishments of UPDON and the needs of other Michigan residents who have diabetes, especially minorities, the Department of Public Health is supporting the development of a similar referral network in Genesee county. Led by the Genesee County Health Department, this network will be formed by the county's many health care agencies and will focus on the numerous Black, Hispanic and Native Americans who live in this primarily urban area. Based upon the experience from UPDON and Genesee county, diabetes outreach networks may be implemented in other areas of the state, making help available to more Michigan residents in need.

Raj M Wiener State Health Director

Since 1985, the Michigan Department of Public Health has sponsored a home care network for persons with diabetes living in the Upper Peninsula of Michigan. Through the coordinated efforts of local hospitals, local health departments and home care agencies, this 🥳 system provides individualized plans of care to persons who are at high risk for diabetes complications. As a result of these efforts, the majority of individuals enrolled in this system have been referred to and have seen the recommended health care providers. Furthermore, many of the clients have resolved their problems with specific self-care practices and have demonstrated adequate management of their diabetes care.

iabetes is an important public health problem in Michigan. It is one of the ten leading causes of death in the state and one of the leading causes of premature death. Diabetes is a significant component of health care expenditures in Michigan with the hospitalization costs of diabetes estimated at \$1 billion per year.

Diabetes is a chronic disease in which foods, primarily starches and sugars, cannot be stored for energy due to the body's inability to produce or use insulin, a hormone that regulates the amount of sugar in the bloodstream. This disease is especially common among women, the elderly and minority groups such

as Blacks, Hispanics and Native Americans. Diabetes is associated with many serious health problems particularly amputations, blindness, high blood pressure, heart and blood vessel disease and kidney failure.

Practical and effective treatments for many complications of diabetes are now available. Proper medical management, patient knowledge and self-care practices are critical for successful control of the disease and a reduction of its complications. Amputations can often be prevented through proper and thorough daily foot and limb examinations. If diabetic retinopathy is detected early. treatment is now available that can often halt its progression to blindness. Furthermore, with appropriate blood pressure management, decline in kidney function can be slowed and the risk of heart and blood vessel disease minimized.

The Upper Peninsula Diabetes Outreach Network

he Upper Peninsula of 💝 🕾 Michigan contains many people who have diabetes, with many elderly living in this area and a relatively large percentage of residents who are Native American. The area is rural and sparsely populated with chronically high unemployment. As a result, access to medical care is poor. Consequently, many people in the Upper Peninsula with diabetes are at high risk for poor management of the disease and for long-term, degenerative diabetes complications.

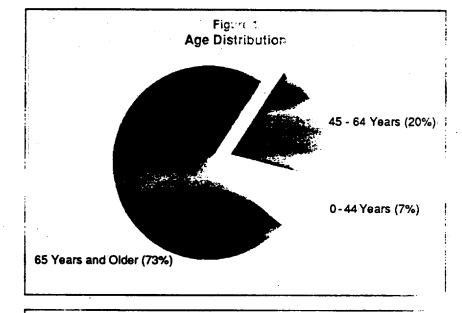
The Upper Peninsula Diabetes Outreach Network (UPDON) is designed to provide comprehensive assessment, referral, and follow-up care for persons with diabetes residing in the Upper Peninsula of Michigan who are at high risk for developing complications. Patients are referred into the system by local hospitals, by other health agencies, and by physicians. An individualized plan of care is developed for each patient referred into UPDON. The plan may include direct care. instruction to develop self-care skills, and calls to be made on behalf of the client. It also may include secondary referrals to specialists for foot care and eye care, or to a primary care provider for high blood pressure control. Services are provided until all problems are addressed and appropriate care is given.

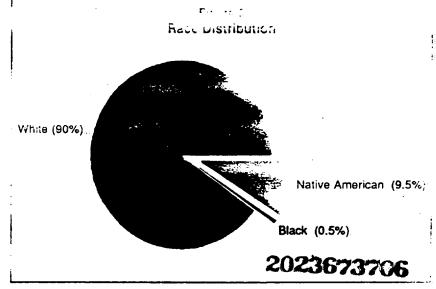
Due to extensive participation on the part of numerous public and private health care agencies, UPDON reaches all areas of the Upper Peninsula. Referrals into the Network are being made by 19 of 21 Upper Peninsula acute care hospitals and one Indian Health Center. The home care service is being provided by five district health departments, five private home care agencies and two Indian Health Centers.

In order to render the best quality care to clients served by UPDON, a great deal of attention has been given to professional education. Efforts are being made to assure that all UPDON personnel are upto-date in their understanding of diabetes so that medical advances are made available to the clients. Regularly scheduled inservices are provided to the nursing staffs of agencies participating in UPDON. In addition, UPDON helps to sponsor an annual diabetes conference for health care providers in the Upper Peninsula. Updates, activities, and project results are shared with the UPDON staff through a quarterly newsletter.

Upon receiving a referral into the UPDON system, a home health nurse makes several visits to the patient's home in order to assess

the patient's needs and to develop an individualized plan of care. The patient's self-care practices are evaluated, blood pressures are taken, feet are examined, and questions are asked about the most recent ophthalmological examination. Referrals for specialty care are provided where appropriate. A similar postnursing care assessment is completed at the conclusion of service or after sixty days of service, whichever comes first. The nurse reevaluates the patient six and twelve months after the post-nursing assessment. At these reevaluations, the nurse assesses previous problems and determines whether referrals that had been made were completed.



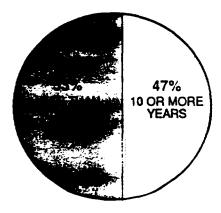


Characteristics of UPDON Clients

s of September 1989, 1,487 people (approxi mately eighteen percent of all persons with diabetes living in the U.P.) have completed the home care service. The UPDON system has served many elderly persons, a group at high risk of developing diabetes. The majority of clients are sixty-five years of age or older and almost all are over age forty-five (Figure 1). Furthermore, almost ten percent of the project participants are Native American, another high risk group (Figure 2).

Figure 3

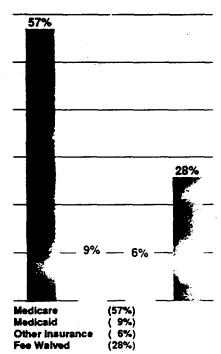
Duration of Diabetes
(in percent)



Consistent with the age distribution of the clients and the diagnosis of diabetes, the majority of clients, 63 percent, are female. Furthermore, nearly half of the clients have had diagnosed diabetes for more

than ten years (Figure 3), putting them at increased risk for diabetes complications.

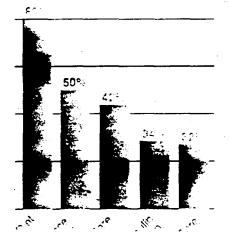
Figure 4
Source of Payment
(in percent)



Over half of the UPDON participants have Medicare coverage for the home visit. Many of the clients have financial problems as is indicated by the fact that nine percent of the home visits are covered by Medicaid. Additionally, over one-quarter of the clients lack any form of third party insurance coverage for home visits and had their fee waived (Figure 4).

The Clients' Health Needs

Figure 5
Five Most Frequently Cited
Self-Care Problems



s shown in Figure 5, the majority of the clients have problems managing their diet and monitoring their blood sugar levels. Three other client problems cited frequently are: inappropriate foot care, difficulty with injecting insulin, and inadequate skin care (See Figure 5 Above). These five problems can all be addressed and ameliorated through client self-care education and personal in-home counseling as provided through UPDON.

The need for referrals for specialty care is greatest for referral to an ophthalmologist (Figure 6). The criterion for an ophthalmological referral is the Michigan
Department of Public Health
Diabetic Retinopathy Guidelines.
For most of the people in the
UPDON system, these guidelines
recommend yearly visits to the
ophthalmologist.

Referrals to a physician for high blood pressure control have been required for approximately two-fifths of the participants. All clients are considered to require a referral for hypertension if they have an average diastolic blood pressure of 90 mmHg or above and/or an average systolic of 140 mmHg or above (160 mmHg or above for individuals 65 and older.)

A referral for foot care has been required for over half of the clients. Nurses refer the client for foot care if conditions such as blisters, calluses, lesions, rashes or discolorations are discovered during the assessment.

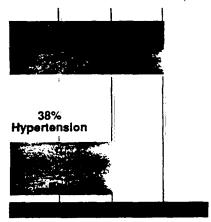


Figure 6 Patients Requiring a Éstetta (in percent):

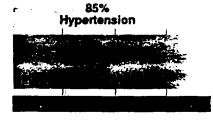
Results and Client Progress

ost of the clients who required a referral for foot care, eye care, or high blood pressure control received and accepted one by the conclusion of service (Figure 7 below).

Figure 7

on to Wind Repolited and
Accepted a Reterral
un percent,





It is clear, therefore, that the nurses are making timely and appropriate referrals. Furthermore, the clients appear to understand and accept the need to see the recommended health care provider.

One year after the conclusion of service, many of those who had been referred were seen for specialty care. Sixty-seven percent of those referred were seen for foot care and 64 percent were

seen for hypertension control. The percent seen for ophthalmological care was somewhat lower at 44 percent (Figure 8 below). Most of the participants who did not complete an ophthalmological referral state that financial constraints and inadequate transportation had kept them from receiving the recommended health care.

1.5

The benefits of specialty care are greatest when this care is part of an integrated health care network such as UPDON. This fact is evident in the case of a 69 year old Native American woman who entered the UPDON system with an amputation of the toe and existing foot callusing The UPDON nurse instructed this woman in proper foot care and referred her to a podiatrist for evaluation attacks.

were necessary in order to prevent further amputations. The Sault Tribe of the Chippewa Indians, realizing that proper foot care is important

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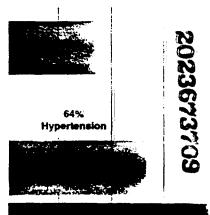
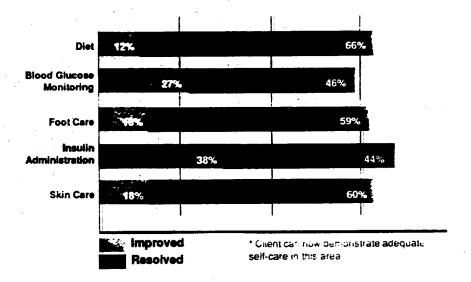


Figure 9
Percent of Self-Care Problems
Improved or Resolved' by the Conclusion of Service



for persons with diabetes, provided funds for the shoes. The coordinates that this woman's feet were saved from amputation by the coordinated efforts of the UPDON system.

By the conclusion of home care service, the problems that required education for self-care have improved or have been resolved for many of the clients (Figure 9). For example, 78 percent of those persons who had a problem with diet had either resolved the problem or had improved their dietary skills. Seventy-three percent of those who had problems monitoring their blood sugar had either resolved this difficulty or had made some improvement. The success of the self-care education is particularly evident one year after the conclusion of

service. The participants not only maintained the progress they had made by the end of service, they made further gains. For example, 92 percent of those who had problems with diet upon entering the program were able to demonstrate, one year after

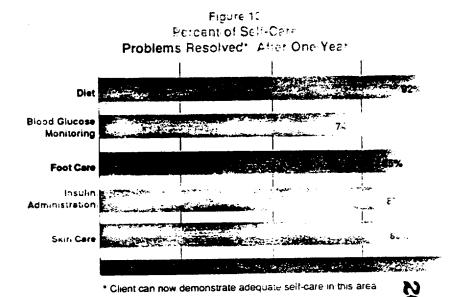
Many of the UPDON clients need to improve their dietary skills in order to control their weight. One 67 year old male lost fifty pounds through a program of diet, exercise and blood glucose monitoring. Due to frequent education sessions with an UPDON nurse, this man is no longer obese and can control his diabetes without using insulin.

receiving service, that they know how to manage their diet. Similarly, 74 percent of those with difficulty monitoring their blood sugar were able to demonstrate adequate self-care skills in this area (Figure 10).

UPDON is proving to be a very effective system for providing clients with needed referrals. with education about the need for specialty care and with education regarding self-care. UPDON is distinctive in the individualized care and attention provided to each participant. Furthermore, the coordinated network of hospitals, local health departments and home care services encompasses the entire Upper Peninsula and thereby serves a sizable percentage of persons with diabetes in the Upper Peninsula.

The operating costs of the UPDON project, excluding the expenses for start-up and devel-

opment, are \$122 per patient for one year of service. In future networks, project demonstration and evaluation costs will no longer be necessary and it appears the network can then be implemented for \$85 per person. The education and referral network provided in this program could also lead to savings through reduced hospitalization costs. A comparable diabetes education and referral program conducted in Saginaw showed an average reduction in hospitalizations by .7 days per year per person.2 This would translate into a yearly savings of \$438 per person in hospitalization costs.3



Due to the success of UPDON and the needs of other
Michigan residents who have diabetes, especially minorities, a similar
referral network is being developed in Genesee county. This network
will involve the county's many health care agencies and will
focus on the Black, Hispanic and Native American
communities particularly in the urban area of Flint. By
developing and implementing a referral network in an
urban setting with other groups at high risk for
diabetes complications, the Genesee county project will complement
the efforts of UPDON and broaden the referral network concep..
Based upon the experience from UPDON and Genesee county, diabetes outreach networks may be implemented in other areas of the state,
making help available to more Michigan residents in need.

Footnotes & Credits

¹ Center for Health Promotion. <u>Diabetes: Opportunities for Quality Care and Cost-Containment in Michigan</u>. Lansing: Michigan Department of Public Health, P.3, 1987.

* Halpern, M., J. Beasley, E. A. Jensen, M. Gebhard, D. Dodson, and S. Crawford, "Intensive Follow-up Aids Diabetes Self-Management: Results of the Saginaw Project, paper delivered at 6th Annual CDC Diabetes Control Conference, May 10, 1982.

³ In 1987, the average cost of one day of hospitalization care for all admissions with a diagnosis of diabetes mellitus was \$625.79; Michigan Department of Public Health, Office of the State Registrar and Center for Health Statistics, Michigan Inpatient Hospital Data, Table 2a, 1987.

For more information, please contact:

Michigan Department of Public Health Center for Health Promotion Diabetes Control Program 3423 North Logan Street P.O. Box 30195 Lansing, Michigan 48909

UPDON
Attn: Mary Snitgen
Suite 225, Harlow Block
102 West Washington Street
Marquette, MI 49855

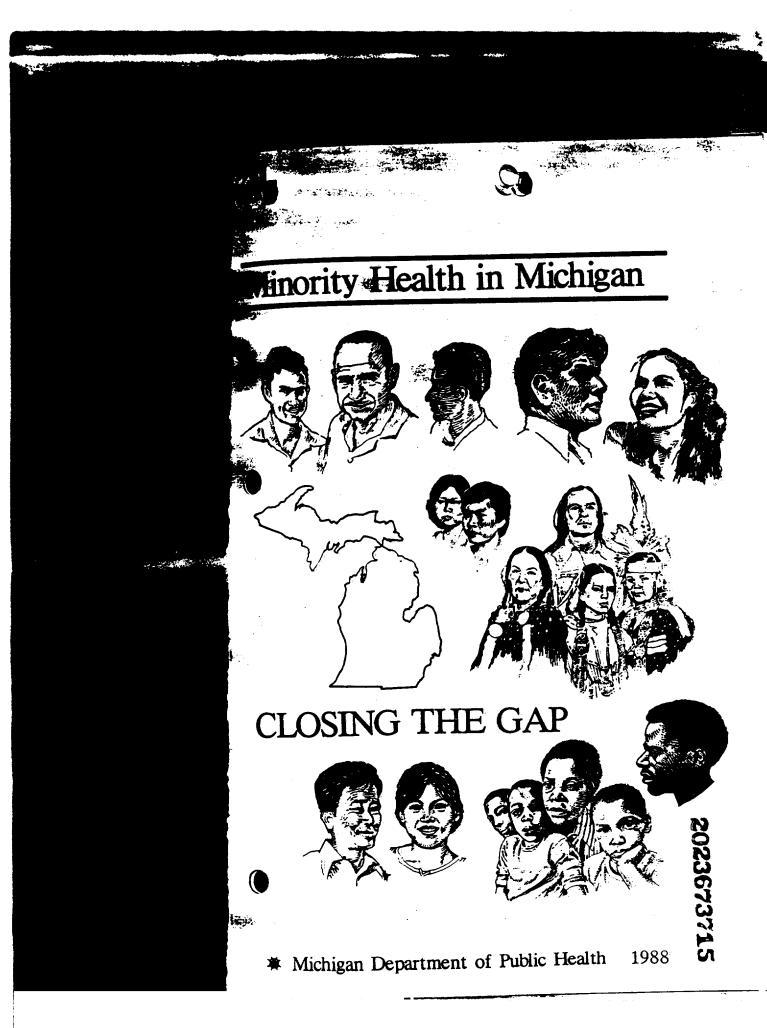
(906) 228-9203

Michigan Department of Public Health - UPDON

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APPENDIX K

Task Force on Minority Health Report, Executive Summary





FOREWORD

There is a distressingly wide, and in some cases, growing gap in health status tween the minority Black, Hispanic, Arab American, Asian/Pacific Islander, and Native American population and the majority population in Michigan. Heart disease, cancer and homicide death rates are all rising for minorities. The minority infant mortality rate as well as the mortality rates for diabetes, accidents, and cirrhosis are, at best, stagnating.

In 1985, Michigan's minority death rate exceeded the national level by 18 percent.

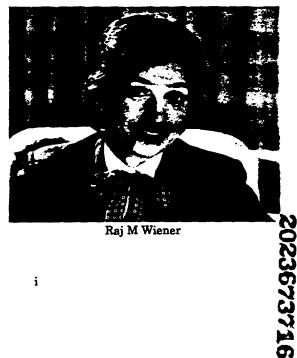
The pervasiveness and severity of health problems experienced by Michigan minorities led former state health director Dr. Gloria Smith to convene a group of scientists, health professionals and public policy leaders to examine the nature and causes of the discrepancy in health status between minorities and Whites and to recommend potential remedies to close this gap. I strongly endorsed this initiative and now believe that closing the minority health gap should be the number one priority for public health community.

All of Michigan has a major stake in improving the health of the minority population. With nearly one in five residents now belonging to a minority group, our ability to be economically competitive in a highly technological society depends on good health and high educational levels in both the White and minority communities. Additionally, our efforts to reduce health care costs and improve the overall quality of life in our state will depend on progress being made by all groups in reducing rates of illness and injury.

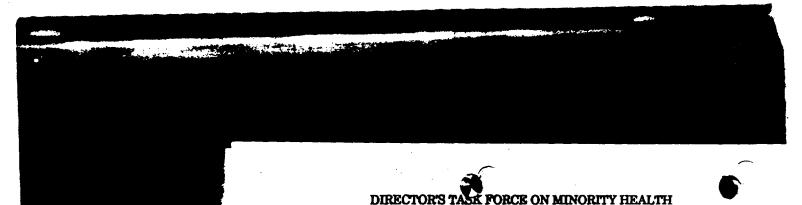
We now have sufficient data to both awaken our sensitivity and guide policy initiatives.

As the task force report unfolds, it will be apparent that positive results will not be easily attained, but will persistent and continuing attention now and in the years ahead. Decisive and coordinated action on the part of business, labor, government, voluntary agencies and individuals to faithfully implement the six major recommendations will bring us closer together and benefit the entire state

Accordingly, I wish to thank the leadership and members of the Task Force on Minority Health fairs, not only for a job well e, but for a job well begun.



Raj M Wiener



Chair

Raj M Wiener, J.D.

Vice-Chair
The Honorable Tony Benavides

Vice-Chair Don Coleman, PhD

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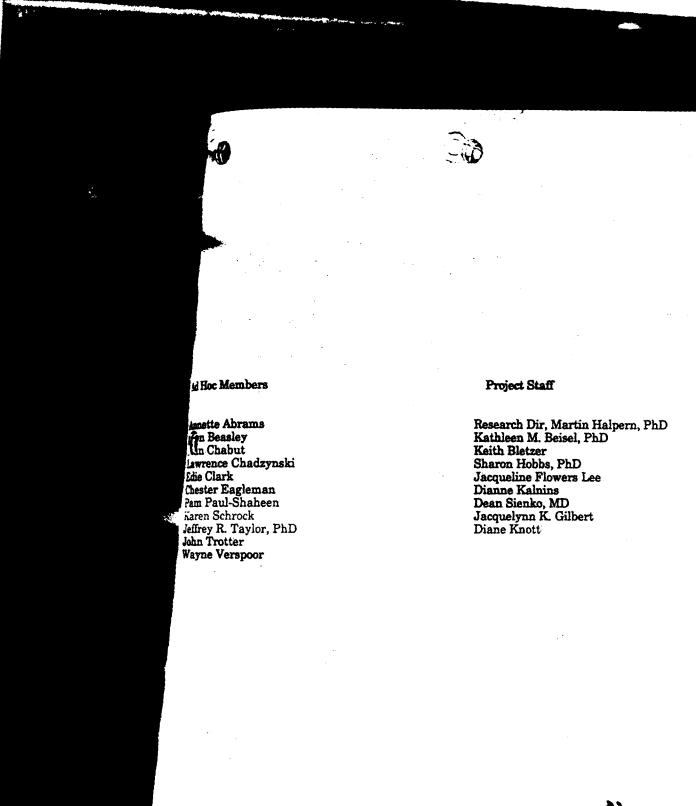




TABLE OF CONTENTS

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	Hypertens Diabetes	sion Pre	ventio	n a	md	l Ç	OI.	ıtr	ol			٠			•		•					•			•:				16
	Smoking !	Prevent	ion an	d C	es	88	tic	n	:	•		•:					•:		•:										16
Int	erventions										.• .•					•	•				•			•	•	•		•	16
	Jobs and	Care Education	on .		•	•	•	:	•	•	•	:	•	•	•	•	•	•	•	•	•		•	•	:	•	:	•	14
Sys	temic Issue																												
	••	÷																				٠							
	Problems	of the E	lderly	•		٠	•		•	•	•.	•		•	•	•.	•	•			•	•	•.		•	•	•	•	13
	Problems	of Child	ren					•.																				•:	12
	Nutrition Environm																												
Spe	cial Proble																												
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h	AIDS		• • •	• •	•	•	:	•	•	:	:	:	•	:	:	:	:	•	:	:	•	•	:	•	•	•	:	•	
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	Infant Mo	rtality					•.					•							•					•.					8
	Cancer .															•:										•.			6
	Heart Dis Homicide	ease and	d Strol	ĸe			•	•		•.	•				•:		•					•.			•.				4
Exc	ess Minori	ty Deati	38			•	•	•	•	•	•,	•			•	•:	•	•		•	•	•	•	•	•	•	•		4
			•																										
	Asian and Native An	Pacific	island	ers	!	•	•	•	•	•	•	•	•	•:	•	•.	•	•	•	•	•	•	•	•	•	•:	•	•	3
	Arab Ame	ricans .				•					•:					•												•:	2
	Hispanics									•			•:.		•.					•.									2
	Blacks .	•		٠.			. :.									,		٠											2
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INTRODUCTION

the wide discrepancy in mortality rates between the minority population of Blacks, rais, Arab Americans, Asian/Pacific Islanders, and Native Americans and the White thin appears to be growing. For a number of causes of death, minorities have acced increases in mortality rates in recent years.

we extent of the health problems affecting minorities was first documented in a sideral report by the Secretary of Health and Human Services. It was determined of minority excess deaths (when compared to white death rates) fell into six areas: heart disease and stroke; cancer; homicide and accidents, infant by, cirrhosis and diabetes.

the minority population in Michigan has increased rapidly in recent years. The 1985 minority population estimate, which adjusts for past under-counting, is 1.8 million. This is about 19.4 percent of all Michiganians.

Minority Population in Michigan, 1985

Minority Group	Number	Percent			
Black	1,344,477	14.79%			
Hispanic	184,592	2.03%			
Arab American	100,182	1.10%			
Asian/Pacific Islander	76.141	0.84%			
Native American	62,927	0.69%			
Total Minority Population	1,758,220*	19.35%			

^{*}Note. Total is reduced by 10,099 to avoid double counting the Black Hispanic population.

Minorities now constitute nearly one in five of all Michigan residents. Realizing the potentially severe impact of health problems on this population, the Department of Public Health convened a task force of distinguished scientists and public health taskers to examine the broad array of minority health issues and formulate an action plan. The task force was supported by staff drawn from all parts of the State Health Department and coordinated by the Division of Research and Development in the Center for Health Promotion. Acting State Health Director, Raj M. Wiener, personally frected the meetings and activities of the task force, and made "Closing the Minority Health Gap" a major focus of the administration.

Improving minority health status is a matter of simple justice. Also, a concentrated effort designed to reduce health risk factors and improve access to care for minorities will bring immediate and beneficial economic and social benefits for the state as a whole. For what state, or what nation, can long survive if one-fifth of its population fulls to reach its full potential and make its unique gifts available to society?

1



Blacks are the largest minority group in Michigan. They are an almost entirely urban population. Since Blacks represent 75% of all minorities, the overall health status of minorities tends to reflect the Black experience.

Michigan death rates for Blacks are substantially higher than White rates for heart disease, cancer, stroke, pneumonia and influenza, diabetes, and for chronic liver disease and cirrhosis. The infant mortality rate for Blacks is two and one-half times the White rate and the homicide rate for Blacks is over twelve times higher than that for Whites.

Blacks also have higher prevalence rates of a number of key risk factors. Hypertension, a risk factor for cardiovascular and cerebrovascular disease, is one and one-half times as common in the Black population in Michigan as it is in the White population. The prevalence of cigarette smoking is substantially higher in the Black community than in the White community. Obesity is much more common among Black women than among White women. Poor access to early detection and treatment services for diseases such as cancer appears to be a significant factor in the elevation of mortality rates for Blacks. Inadequate access to prenatal and postnatal care services contributes to the very high rates of infant mortality in the Black community.

Hispanics

Hispanics are the second largest minority group in Michigan. Hispanics of Mexican origin are the largest subgroup with others coming from more than a dozen Spanish speaking countries.

As is the case for other population groups, diseases of the heart and cancer are the leading causes of death. Although the Hispanic overall cancer prevalence rate appears to be lower than the non-Hispanic White rate, rates for gallbladder, stomach, cervical, and renal malignancies are elevated for Hispanics. Hispanics appear to have a greater prevalence of such risk factors as hypertension and obesity than is the case for the non-Hispanic White population. Diabetes prevalence also appears to be elevated. Hispanic males are more likely than non-Hispanic White males to be victims of violence.

Hispanics are twice as likely as Whites to be uninsured. Access to care may thus be financially difficult or impossible, a problem compounded by linguistic and cultural barriers.

A Department of Mental Health needs assessment found, "the most serious problems overall (among Hispanics) are unemployment and substance abuse. The problems most commonly identified as emotional or mental were depression and alcoholism."

Arab Americans

Arab Americans trace their origins to many different Middle-Eastern countries. The largest subgroup is Lebanese with Arabians, Assyrian, Syrians and Iraqis among the other major ethnic groups. Three-quarters of Michigan Arab Americans live in the metropolitan Detroit area. The rapid growth of the Arab population is directly attributable to immigration from the war-torn Middle East. The south end of Dearbo serves as an immigrant reception area.

Although data is scarce on several of the minority groups within Michigan, it haps is more sparse for Arab Americans than for any other minority group. Several ant studies have focused on prenatal and postnatal health care needs of Arab serican women in the greater Detroit metropolitan area. A recent parenting survey and that Arab American women marry at a young age and begin child-bearing early. In pregnancies lead to complications and often result in high infant death rates. Stitunally, language and culture differences are major barriers to obtaining health

in and Pacific Islanders

This population also comes from many countries around the world. The largest byroup is Asian Indians, followed by Filipinos, Chinese, Koreans, Japanese and jetnamese.

Heart disease and cancer have consistently been the two leading causes of death in the Asian and Pacific Islander population in Michigan, as in the non-minority opulation. Asian and Pacific Islanders, however, have lower heart disease and cancer portality rates than do Whites. These differences may be due to culturally influenced chaviors involving diet, smoking, and alcohol consumption. There is evidence, however, these behavioral and disease patterns change as immigrants adopt United States and patterns over time.

Accidents were responsible for approximately 12 percent of the Asian and Pacific blander deaths in Michigan in the past three years, about three times the frequency of his cause among Whites.

Tuberculosis, although not a major cause of death, is a serious health problem mong Asian and Pacific immigrants. The rate for Asian and Pacific Islanders is more than twenty times the White rate. The federal Centers for Disease Control in Atlanta stimates that half of these cases are preventable with appropriate screening and reatment.

Native Americans

American Indians from three major tribal groups - Ojibwa (Chippewa), Odawa (Ottawa) and Potawatomi - form the bulk of the Michigan Native American population. There are six federally funded recognized reservations in Michigan serving about 10,000 people. The majority of Michigan Indians, however, live in urban areas, with one-third of the total in the Detroit metropolitan area.

The percentage of total deaths from accidents, chronic liver disease, suicide and diabetes was higher among Native Americans in Michigan (1984-1986) than for all Michiganians in 1985. The first three causes of death may be directly or indirectly related to alcohol abuse, which is one of the most critical health problems among American Indians.

Access to care is problematic. Whites often assume that Native Americans get all necessary health care from the Indian Health Service. This is not true.





Minority excess deaths are those which would not have occurred if the mortality rates for minorities had been the same as the rates for the White majority.

Michigan age-adjusted death rates in 1985 were higher for minorities than for Whites for the four leading causes of death and for seven of the ten leading causes. Rates for minorities were 27 percent higher for both diseases of the heart and for cancer, the two leading causes of death. Overall, the age-adjusted death rate was 48 percent higher for minorities than for Whites.

If there were no disparity in death rates, there would have been 3,241 fewer minority deaths in 1985 (a total of 7908 deaths instead of the actual total of 11,149). The major causes of excess deaths to minorities in 1985 were:

Condition	1985 Excess Minority Deaths					
Heart Disease	658					
Homicide	653					
Cancer	473					
Infant Mortality	2 89					
Liver Disease	209					
Stroke	206					
Diabetes	91					
Accidents	39:					

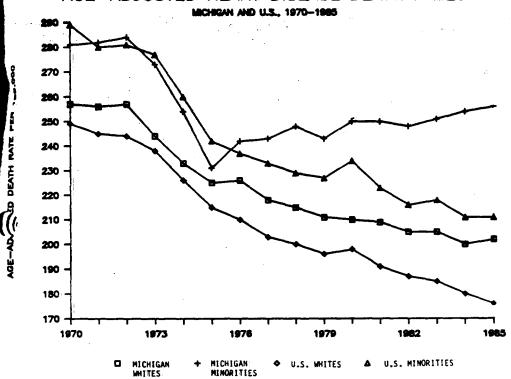
Heart Disease and Stroke

In this country, cardiovascular and cerebrovascular diseases lead to more deaths, disability and economic loss than do any other group of illnesses. Diseases of the heart were the leading cause of death in 1985, both nationally and in Michigan. Heart disease death rates are substantially higher for minorities in Michigan than for minorities nationally. In 1985, the Michigan heart disease mortality rate for "other than Whites" was 27 percent higher than that for Whites. Nationwide, the 1984 heart disease death rate for "other than Whites" was 18 percent higher than that for Whites.

Hypertension, or elevated blood pressure is an important risk factor leading to cardiovascular and cerebrovascular diseases. Blacks have a much greater prevalence of hypertension than do Whites. Black women are at higher risk than Black men. Among the factors suggested as contributing to the higher prevalence of hypertension among Blacks are low income, low levels of social support, a lower ratio of potassium to sodium in the blood, and a greater prevalence of obesity.

Other important risk factors for heart disease are high cholesterol, cigarette smoking and lack of regular aerobic exercise.





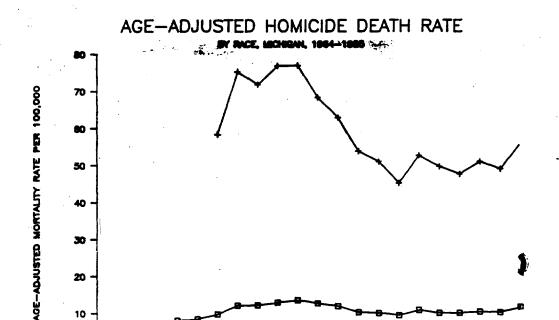
Homicide

The homicide death rate for Blacks is about a dozen times higher than that for Whites. The vast majority of the 709 Black homicide deaths in 1985 were excess deaths, deaths that would not have occurred if the rate for the Black population was the same as that for the White population. Nearly 500 of the Blacks who died by homicide were individuals under the age of 35 years.

A new public health statistic, "Years of Potential Life Lost (YPLL)", dramatizes the impact of violence. In 1985, there were 19,041 years of life lost prior to age 65 by Michigan Black males because of homicide. This represents 22 percent of the total years of life lost before age 65 by Black males as a result of all causes of death.

Sixty percent of Michigan homicide deaths occurred in the City of Detroit as did 76 percent of Black homicide deaths. Other counties in addition to Wayne (34.6 deaths per 100,000 population) with double digit homicide rates in 1986 were Genesee (17.1) (hd Saginaw (15.7)).

5



Gun-related killings accounted for 73 percent of all Black homicides in 1986. Also, about half of the 10,000 1985 hospital discharges involving homicides and injuries purposely inflicted on another person involved minority victims. As many as half of all homicides are alcohol-related. Homicides are also often preceded by patterns of nonfatal violence such as assaults, spouse abuse, child abuse and self-inflicted injury.

1973

1976

1979

1982

1985

1970

TOTAL MICHIGAN

A whole generation of minority youth is in danger. The symptoms of the problem are violence, drug and alcohol abuse, teenage pregnancy and dropping out of school. The reality of unemployment combined with the accelerating decay of city neighborhoods and the easy availability of drugs present huge obstacles to child rearing in minority communities.

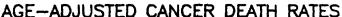
Cancer

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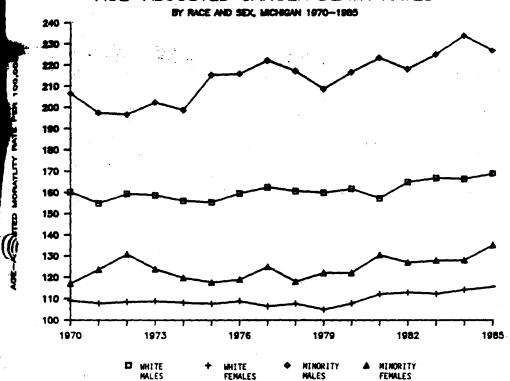
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1964

Cancer is a leading cause of death, second only to heart disease. Ten years ago in Michigan, the cancer mortality rate for "Other than Whites" was 26 percent higher than for Whites. In 1984, the gap in Michigan was 28 percent, higher than the nationwide difference of 21 percent.



ALEXANDER TO COMPANY



In 1985, new cancer cases were found 20 percent more frequently among Blacks than Whites. Elevated cancer rates among Blacks include lung, cervical, stomach and prostate.

Several behavioral risk factors such as tobacco use, poor nutrition, and high alcohol consumption are related to the increased occurrence of cancer. The primary factor in elevated cervical cancer deaths are lack of access to preventive medical care (PAP tests), particularly among post-menopausal women.

Occupational exposures to asbestos, benzene, chromium, agricultural chemicals and air-borne dust are often even more lethal when combined with behavioral risks such as smoking and alcohol consumption. Minorities in manufacturing, service and agricultural jobs need to know about occupational exposures they may be facing and of ways to protect themselves through safer work environments and reduction of behavioral risks which aggravate the dangers.

Hispanics, Asian/Pacific Islanders and Native Americans have lower overall cancer ates than Whites. This may be a result of lower behavioral risks in the case of

7

Hispanics and Asian/Pacific Island. In There are, however, particular types of ancer such as stomach cancer, which in the Hispanic and Japanese-American population have incidence rates double that of Whites. This may be due in part to the consumption of heavily spiced, pickled and smoked food. Chinese-Americans and Hispanics have an excess incidence of cervical cancer. This is particularly distressing since every death to invasive cervical cancer is totally preventable with today's health care technology.

Infant Mortality

The death of a baby before the child reaches his/her first birthday is a tragic personal loss for the family and a social loss for the community as a whole. The infant death rate is more than a health indicator; it is a measure of the quality of life for the entire population.

Declines in infant death rates were observed during the 1970's, but the rate of decline has been smaller for minorities than for Whites. As a result, the racial gap in infant mortality has been growing in Michigan. In 1970, the Black rate was 63 percent higher than the White rate, but by 1986, the Black rate was 156 percent higher.

Native American infant death rates in 1984 were 26 percent above the White rate. The rate for other races, mostly Asian and Pacific Islanders is close to that of White Accurate data on Hispanic infant deaths will not be available until the new bit certificate becomes available in 1989. A study by the Wayne County Health Department indicates that the infant mortality rate among the Dearborn Arab community is quite high.

Many factors are involved in high minority infant death rates including, poverty, lack of prenatal care, teenage pregnancy, substance abuse and inadequate diet. The economic circumstances faced by minorities combined with poor access to preventive health care are conditions which increase the number of babies born too small, too soon. In turn, this has increased the health costs for hospital-based intensive care for both high-risk mothers and infants.

Alcohol and Drug Abuse

The state of the s

Excessive drinking can lead to many adverse health outcomes including cirrhosis of the liver. Minority groups experience higher rates of alcohol-related illness and death than do Whites. Among women, abusive drinking is more likely to occur among Blacks than Whites. Also, Native Americans are significantly more likely to be alcoholic than are Whites.

The racial discrepancy in cirrhosis mortality rates was especially large for Michigan in 1984. For the U.S. as a whole in 1984, the other-than-White rate was 1.5 times higher than the White rate (14.3 vs. 9.3) while in Michigan the other than White rate was more than twice as great as the White rate (25.4 vs. 10.0).

Michigan hospital discharge data for 1985 reveal that Black and other minority males were roughly twice as likely to have been hospitalized with a primary diagnosis relating to alcohol abuse as White males (White: 351.0; Black: 753.0; other minority: 619.0). Minority women were more likely to be hospitalized for alcohol-related illnesses than were their White-counterparts (White: 96.2; Black: 162.0; other minority: 242.0) [Note: all rates are per 100,000 population.]

Notwithstanding their increased death and illness risk from alcohol related disease, lock do not appear to be heavier drinkers than Whites. For example, a 1987 Michigan savey reveals that Blacks and Whites have similar percentages of heavy drinkers that Blacks 7.3%). The fact that Blacks do not appear to be more likely to excessively than Whites, in spite of a greater likelihood of suffering from the illness alcohol, may indicate that other environmental factors such as poverty, poor example, and poor nutrition have exacerbated the negative consequences of alcohol have.

Native Americans are particularly hard-hit by cirrhosis deaths, especially in the most groups. In fact, alcohol is viewed as "the most critical health problem Michigan Indians".

Mind-altering substances, like alcohol, while holding out hope of escape from spleasant living conditions, destroy physical and mental health. The addicted individual sales unable to learn and work, thereby further decreasing life opportunities.

Babetes

Diabetes is a disease characterized by abnormally high levels of glucose in the pod resulting from the body's failure to properly metabolize carbohydrates, fats and loteins. About 5-10 percent of diabetics are dependent on daily injections of insulin. Most persons with diabetes develop their symptoms after age 40 and are managed through diet, weight control, exercise, and insulin or oral medicine. Common amplications of diabetes include blindness, limb amputation, kidney failure, and birth defects in children born to diabetic mothers.

Diabetes is more prevalent in minority populations than in the White population. Blacks, Hispanics, Native Americans and Japanese Americans all have elevated diabetes prevalence rates. In a 1983 random sample of Michigan's population, the diabetes prevalence rate was 5.5 percent among Black adults, which was 1.53 times the White rate of 3.6 percent. This discrepancy is especially great among women, with Black women having a prevalence rate 80 percent greater than the White rate.

Appropriate medical care for diabetes includes prescribing the right medication, diet and exercise and also providing comprehensive instruction about the therapies and self-care activities which actively support patient self-reliance and responsibility. The prescribed diet must be tailored to the patients' social and ethnic background and lifestyle to ensure compliance.

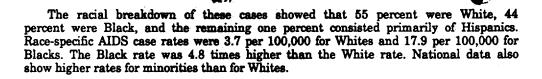
ADS

AIDS is a particularly deadly disease. About 50 percent of persons diagnosed as having AIDS die within a year of diagnosis. About ninety percent die within five years.

The bulk of AIDS cases have occurred among certain sub-groups of the population.

ty-one percent of cases were males with a history of homosexual/bisexual contact,

percent of cases reported intravenous drug use, and 7 percent reported both
homosexual/bisexual contact and intravenous drug use.



Michigan AIDS Cases by Race

January 1, 1988

Race/Population	No. of Cases	Rate per Population
White	283	3.70
Black	227	17.94
Hispanic	6	3.70
Other	2	***
TOTAL	518	5.70

Approximately 40 percent of Michigan Blacks with AIDS are believed to have contracted the disease through male homosexual/bisexual contact. The remainder of Michigan Blacks with AIDS contracted the disease by intravenous drug use, heterosexual contact and blood product transfusion. Eight Black children in Michigan contracted AIDS through prenatal transmission from AIDS infected mothers.

The potential for heterosexual spread of AIDS in the minority populations in Michigan is disturbing. Data from the Venereal Disease Section, Michigan Department of Public Health, show that the rates for reports of syphilis and gonorrhea in the "other than White" population, at 18.4 per 1000, are eleven times greater than the rates in the White population, at 1.6 per 1000. These data suggest that if the AIDS virus becomes more prevalent among heterosexuals, then the likelihood of disproportionate spread within minority communities is high.

The potential for heterosexual spread of AIDS in the minority population is disturbing.



Nutrition and Hunger

Poor nutritional practices are an important health risk factor. Illnesses that are influenced by diet include: diabetes, cancer, heart disease, and hypertension. Some researchers have estimated that proper diet could reduce the risk of non-insulindependent diabetes by 50 percent, cancer by 35 percent, and heart disease by 21 percent. These diseases are especially prevalent among minorities.

Access to food for the poor has emerged as an issue in Michigan as well as the rest of the nation. It has been said that the programs created in the United States in the 1960s and 1970s had "virtually eliminated" the problem of hunger, but reductions in federal funding for state food programs in the 1980s have regenerated the problem in a slightly different form. Today the isolated elderly, poor children at school and pregnant women are the most affected by these federal cut-backs. Many of these who lack access to adequate food resources are minorities. Also, culturally sensitive food choices need to be included in both publicly and privately subsidized feeding programs. Transportation to food program sites is especially difficult for elderly minority persons.

Minority residents need up-to-date nutritional information. Modification of dietary practices to achieve such goals as a reduction in obesity, although difficult to achieve, could have a significant impact on the health status of minority populations.

Environmental Hazards

A number of environmental hazards have a greater impact on members of minority communities than on the general population. The quality of housing has a significant effect on health status. Estimates indicate that as many as 17 percent of Michigan dwelling units today are substandard. Minorities, especially in our inner cities, occupy a disproportionate share of these substandard homes.

Health problems associated with housing include environmental hazards, communicable disease, and accidents. Among environmental hazards related to housing are infestations of rodents; various kinds of toxic substances such as asbestos and lead; improperly vented heating equipment which results in the accumulation of carbon monoxide; indoor air pollutants such as formaldehyde, nitrogen dioxide gases, and radon; and problems related to the water supply.

Blacks in the United States have been found to have higher concentrations of blood lead than Whites. Ethnic differences are more pronounced for young children than adults, and they often are associated with socioeconomic factors. The assimilation of lead into the human body occurs through the mouth, nasal passages, the skin and from the mother to fetus across the placenta. A common example is ingestion of lead paint chips. After lead has been assimilated into the body, it is altered by certain dietary compounds; for adults, about 50-60 percent is excreted before it is stored in the skeleton.

It is estimated that some 45,000 persons work in Michigan each year as migrant agricultural laborers; some 80 percent of these workers are Mexican Americans. (agriculture has the third highest rate of occupational injuries, ranking behind mining-

11

quarrying and construction. Those working in agriculture are also at increased result of such diseases as leukemia, multiple myeloma, lymphoma and cancer of the prostrate and stomach. Agricultural laborers are more prone to parasitic infection than growers, and their diets provide lower nutritional intake.

Little is known about pesticide poisoning among migrant farmworkers in the state of Michigan. Since there is no monitoring system to report pesticide cases in the state, there is neither data on the prevalence of poisonings nor on the long-term effect of pesticide use on farmworkers.

One of the chief concerns of advocates for greater pesticide control is the exemption of agricultural workers from "Right to Know" legislation on chemical substances. Another concern is the need for a system to collect data on occurrences of pesticide poisonings.

Environmental issues such as the hazards from toxic dump sites, nuclear waste, and the protection of forests, rivers, and lakes receive considerable attention. The problems of the urban environment, which disproportionately affect minorities, also need increased attention. Many of the urban environmental hazards affect children and therefore have a long-term impact on our society.

Problems of Children

Because of the vulnerability of children, how well a society treats its children is an indication of the society's compassion as well as its future well being. As children develop physically, socially, and emotionally, they are dependent upon others to provide for their special health needs. For proper growth, they require a healthful environment, sufficient and nutritious food, freedom from injury, and an opportunity to learn good health habits.

Once a child passes through infancy, there is a period of pre-adolescent years which are the most healthful of the person's life. There are notable exceptions, however. Minority children with developmental disabilities have difficulty reaching their full potential without special intervention. Also, the "new morbidity" facing the children of today includes family disorganization, drug abuse, and injury.

Injury has a disproportionate impact on the young. In 1985 in Michigan, there were 29,256 hospitalizations due to injury of children (under age 20), making it the second leading cause of hospitalizations for children. Intentional injury was the leading cause of injury-related hospitalizations for Black children (895 cases). Death rates from drowning were slightly higher for Black children than White children. Deaths from burns were six times higher for Blacks than for Whites.

Children adopt many unhealthful behaviors that could influence their health as adults. For example, cigarette smoking is a major risk factor for cancer and cardiovascular disease. A 1986 national survey revealed that 19 percent of high school seniors smoke daily and that 68 percent had smoked at least once. Most smokers begin smoking during junior or senior high school.



#**((**



Problems of the Elderly

Health is a central concern to the elderly since they are more susceptible to disease and ill health than are younger persons. A national survey indicated that 55 percent of all Blacks 65 or older regard their health to be only fair or poor, in contrast to 33 percent of White respondents. Poor health was also more likely to restrict the activities of older Blacks than older Whites (43.4 versus 30.8 restricted days per year).

The problems of the elderly are often the problems of minority women over the age of 65, who have already outlived their male counterparts.

A 1982 needs assessment survey of Detroit elderly (60 and over) showed that poor health, restricted mobility and insufficient income were among the most frequently mentioned problems. When asked what services they would like to see improved for seniors, 14 percent of the respondents mentioned home meal programs and another 14 percent mentioned home nursing care. When asked about local service programs, 20.5 percent of the elderly report that they were unaware of these programs.

According to the Michigan Office of Services to the Aging, almost all (96 percent) of the respondents reported that they were covered by health insurance. Those in Loverty and minorities were most likely to perceive that they could not receive good medical care. Furthermore, minorities and the poor were more likely than other elderly to report using clinics and related forms of care.

The social support of family, friends and church members is extremely important to elderly Blacks, particularly to those with lower incomes. These supports have been shown to be important for daily activities as well as for participation in publicly subsidized services.

The elderly are requesting expansion of home delivered meals and home nursing services.

Access to Care

Minorities in Michigan often do not have adequate access to health care. Minority individuals suffer from poorer health status according to measures of premature mortality and excess morbidity. They are less likely to have seen a physician in the last year and use proportionately far fewer physician visits than do non-minorities. Three kinds of barriers to health care are central to minority access problems: physical access, economic factors, and cultural acceptability of services.

Physical barriers are a problem in rural areas because of the great distances to be traveled for routine primary care and hospital care. In urban areas, the public transportation depended upon by minorities is often expensive or unavailable at the time of day when services are needed.

Economic factors create barriers to health care in at least three ways. The most obvious is that persons unable to afford health care often do not seek it until forced to do so by the severity of the illness. Second, providers of health care are often unwilling to provide services to persons with no obvious means of paying for the care. Third, treating illness at an advanced stage is almost always much more expensive the preventive care or early intervention. Insurance factors compound these economic problems. The Michigan League for Human Service in its 1986 study of the uninsured in Michigan found uninsured rates of 11.4 percent for Blacks, 13.6 percent for Hispanics, and 18.3 percent for other minorities compared with a rate of 10.5 percent for non-Hispanic Whites. With the continuing problem of plant closings in Michigan, concern about loss of health insurance coverage by many workers is growing.

Cultural acceptability of services is an issue that also must be considered in attempts to enhance minority access to the health care system. The health care delivery system has evolved with partial and inadequate participation by minority communities. Refugees and immigrants from Southeast Asia have special access problems. Language difficulties are a barrier to care and there appear to be delays in seeking access to care. The number of immigrants from Southeast Asia arriving in Michigan between 1975 and 1985 has been estimated at 10,500. The heavy influx of immigrants in Arab American communities in Michigan has led to similar access problems for this population.

Jobs and Education

Minority groups have experienced historic discrimination that has placed a disproportionately large segment of their members in depressed economic situations. Although the specific forms of discrimination experienced by each minority group varied, systematic segregation in jobs continued into the twentieth century and was a common reality endured by all minority groups just a generation ago.

Some economic indicators show not only a slowing of progress but of regress in the status of minorities in recent years. Since 1975, the overall share of Black employment declined despite the relative increase in the Black population. Minority groups have been more severely affected than have Whites by the erosion of jobs in the manufacturing sector. Unemployment rates have continued to rise for minority group members in the 1980s despite an overall improvement in the unemployment rate for the state as a whole.

The deteriorating economic situation facing minority communities has had an especially devastating impact on minority youth. The Black youth unemployment rate in Michigan has not dropped below 50 percent since 1980 and has ranged as high as 68.3 percent in 1983. Black youth unemployment rates in the 1980s have been between 2.3 and 3.7 times as high as White youth unemployment rates.

The systemic problems of high unemployment levels for minorities and inequality in the educational arena are interrelated. Jobs at decent wages are a vital factor in family formation and maintenance. A supportive family environment and hope for the future are both important factors in educational success.

Minority high school drop-out rates are tragic; dropping-out often leads to memployment or low wage, dead-end jobs. The latest figures available indicate that dripy drop-out rates for Hispanics and Blacks are more than double the rate for White children.

Number and Percentage of Michigan High School Students Dropping Out of School by Race/Ethnic Group, 1986

Race/Ethnic Group	Number	Percentage
American Indian	246	5.9%
Asian American	87 °	2.3%
Black	9,069	12.0%
Hispanic	810	10.9%
White	17,592	4.5%
TOTAL	27,804	5.8%

The deteriorating economic situation facing minority communities has had an especially devastating impact on minority youth.





Smoking Prevention and Cossation

Smoking is a factor in many poor health outcomes. Among the most important are lung cancer, esophageal cancer, ischemic heart disease, stroke, low birth weight, and complications of diabetes.

Not only is smoking prevalence higher within minority than non-minority communities, the tobacco industry has targeted advertising toward both Blacks and Hispanics. These advertisements appear in magazines for minorities and on billboards in minority neighborhoods. Furthermore, cigarette companies sponsor entertainment and cultural events attended predominately by minorities, and fund educational institutions that serve Blacks. These efforts of the tobacco industry increase the urgency and need to combat smoking within minority communities.

Although most smokers who have quit do so on their own, several evaluation studies of smoking cessation programs in Michigan have demonstrated success with outpatients, members of community organizations, and pregnant women. Research has also shown, however, that smokers are not likely to volunteer for a cessation program, especially if it involves financial costs. Many in the smoking cessation field believe that such programs are most effective when they occur within establish organizations such as work places, clubs, churches and hospitals.

Mass media campaigns are a useful approach to smoking reduction. They have a considerable potential impact since they reach many individuals who are not otherwise exposed to smoking cessation messages such as the unemployed, homemakers, and others who may have limited contact with organizations.

Hypertension Prevention and Control

Hypertension, or high blood pressure, is one of the most deadly of the treatable diseases. Uncontrolled hypertension can lead to stroke, heart attacks, kidney disease and kidney failure, and accelerates diabetes complications.

There is some evidence that the incidence of hypertension can be decreased through stress reduction and related changes in lifestyle. For example, muscle relaxation and stress perception techniques and exercise programs have been devised to help individuals cope with stress and have been shown to decrease blood pressure. Dietary changes to reduce sodium intake and maintain ideal body weight are especially important for minorities. Blacks have been shown to both consume more salt and to be more sensitive to the hypertension inducing properties of salt than the White population.

Blood pressure screening, medication and good follow-up are important ingredients to successful programs. Some community groups, such as churches, employers and labor unions offer screening and counseling services.





Diabetes is the seventh leading cause of death in Michigan: people who have diabetes are twice as likely to be hospitalized as the non-diabetic population; persons with diabetes have twice as many heart attacks and twice as many strokes as those who do not have the disease; 50 percent of all non-traumatic amputations in the United States are performed on diabetics; 25 percent of all cases of kidney failure are caused by diabetes; diabetes is the leading cause of new blindness in the United States; and diabetes increases the incidence of life-threatening problems for newborns.

There is no known cure for diabetes. However, with close management of diabetes through prompt, adequate treatment and good self-management practices, certain of these major complications may be reduced and perhaps avoided altogether. Numerous studies show that diabetes patient education is an effective therapeutic intervention.

Patient education programs are most often conducted in the outpatient hospital setting and involve a routine series of visits which include checking for complications and educating the patient on subjects from diet and foot care to self-monitoring of blood sugar levels.

7 eduction of Violence and Injury

Research on prevention of homicide is just beginning. Among the factors which have been cited as contributing to intentional injuries are: the prevalence of firearms; alcohol and drug abuse; poverty and joblessness; and the portrayal of violence in the media, particularly television. Affecting any of these factors would involve significant changes in the policy arena similar to those which have taken place in the automobile safety arena in the past three decades.

In recent years, a number of public health leaders have advanced the concept that homicide is a public health problem. In the past, homicide was viewed essentially as a problem for the criminal justice system.

Actions to restore a "sense of community" are needed. One such approach is the Ohio Department of Health's recent initiation of a Parenting for Peaceful Families Program." The program involves a community-based discussion series offering parents practical information about parenting skills and child development. The Ohio project is based on the concept that violence is a learned response and that peacemaking can be a learned response as well.

Teaching children and youth how to "get away clean" from potentially violent confrontations and restricting their access to handguns would also be beneficial.

Reduction of Low Birth Weight and Infant Mortality

Michigan has taken a number of steps in the last several years to address the state's high infant mortality rate. In 1985 legislation was enacted establishing prenatal care as a basic health service. Under this legislation, the Michigan Department of Public Health through the intermediary of local health departments provides reimbursement for the cost of prenatal care for those not covered by Medicaid if their recomes were at or below 185 percent of the poverty level and they were uninsured at the time of enrollment. This statewide program, known as Prenatal Postpartum Care

(PPC), includes outreach, prenatal care, laboratory tests, vitamin and mineral supplements and education. Payment for labor and delivery services were added as of this year.

There are other effective measures that will help to reduce Michigan's unacceptably high minority infant death rates. They include: supplemental nutrition for pregnant women; reduction of alcohol use and cigarette consumption; voluntary access to family planning services; and parent education.

Reduction of Environmental Hazards

Interventions to reduce the impact of environmental hazards on minority health status involve changes in the policy arena. Housing appears to be an area of great concern, both in terms of its impact on the health of the population and because there is generally an absence of state public health policy in this area. Other environmental issues of importance are pesticides, sanitation, and occupational hazards.

The state health plan establishes the goal that all Michigan residents should have housing which meets minimum standards for structural adequacy, is not overcrowded, does not present hazards related to lead base paint poisoning, and is not infested with rodents. A plan objective is the reduction of unhealthful housing in Michigan.

Housing "livability standards" should be developed and provision made for the administration and enforcement of these standards.

Nutrition Improvement and Access to Food

Since nutrition is basic to health, it is important that minorities receive current information on nutrition so as not to lag behind the majority culture. The American Heart Association, the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, the American Cancer Society, the National Cholesterol Education Project, and the American Dietetic Association are using radio and television to educate the public in general and minorities in particular.

In conjunction with nutrition education, publicly subsidized feeding programs should provide meals that are healthful and consistent with current dietary guidelines. Many foods that are plentiful in these programs such as cheese and butter are high in sodium, fat and calories. The Michigan Food Policy Report of the Michigan Department of Agriculture recommends content specification levels and more variety for the food items provided in emergency food programs. This could assist in making food choices available which could be tailored to minority group preferences.

RECOMMENDATIONS TO CLOSE THE GAP



A series of steps to be taken over the next two years are presented below. Some of these can be accomplished immediately by the Michigan Department of Public Health. Others will require cooperative effort from multiple units of state government, often in concert with our health partners in the business, labor, professional and voluntary communities. These measures, if fully implemented and continued over the long-term, will help make it possible for the generation of minorities born in the twenty-first century to enjoy health and longevity equal to that of the White population.

It is essential that progress be monitored by the proposed Office of Minority Health and by the Director of Public Health, with regular reports given to the Governor, Legislature and Public.

Determinations on funding levels have yet to be made. It is believed that many existing funding streams can be refocused to address specific minority needs. New interventions must be culture- and language-sensitive and funded through community organizations. Creative public and private funding partnerships must be identified and implemented. Finally, individual action to promote one's own health and to avail oneself of accessible health care will also help to lift the burden of ill health from Michigan's hority populations.

IMMEDIATE ACTIONS

I An Office of Minority Health Should be Established in the Department of Public Health.

The office should report to the Director of the Department and give persistent and continuing attention to minority health.

The office should be established by executive action and subsequently be placed into law in the Public Health Code (Act 368, P.A. 1978). Among the most important functions of the office are:

- Investigate and report to the Director of Public Health, Governor and Legislature on conditions affecting the health and welfare of minorities.
- * Advise the Director of Public Health and the Governor's Human Services Cabinet Council on remedies for eliminating the gap between minority and majority health status.
- Advocate for adoption and implementation of effective measures to improve minority health.
- * Provide consultation and technical assistance to agencies and groups attempting to improve minority health programs.
- Fund community-based organizations to conduct special research, demonstration and evaluation projects designed to develop model programs.

- Form and coordinate a network of community health action teams to implement programs and monitor results.
- Il Data Collection on Minority Health Status Should Be Improved by the State and Local Public Health System, Hospitals, and Other Health Agencies.

The Department of Public Health and the Office of Health and Medical Affairs should improve collection of minority-specific birth, morbidity and mortality data on Blacks, Hispanics, Native Americans, Asian and Pacific Islanders, and Arab Americans. Among the most important steps are:

- * Include items to more accurately identify members of each minority group on revised birth and death certificates.
- Distribute information on the best methods to collect accurate information and provide training to public and private data collection personnel.
- Conduct special surveys and epidemiological studies of minority health status and integrate them with on-going health research activities.

SHORT-TERM ACTIONS - 1988 TO 1990

III The Department of Public Health and the Governor's Human Services Cabinet Council Should Encourage Private Businesses, Labor Unions, Religious Organizations, Community Groups, and Civic Groups to Include "Closing the Minority Health Gap" Among their Highest Priorities.

Given the evidence of the vital importance of employment in improving the health status and general well-being of minority communities, the Governor, the Human Services Cabinet Council, the Governor's Cabinet Council on Human Investment, the Cabinet Council on Jobs and Economic Development and the Legislature should improve employment opportunities for minorities. Measures to be taken over the short-term include:

- Inform business, labor union and the public about the value of job development in improving minority health status.
- Create public-private enterprise partnerships targeting the job needs of central cities.
- Assure that the policies and practices of health providers and insurance companies are equitable and culturally and linguistically sensitive.
- Promote affirmative action employment goals throughout the health care industry.

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gnificant Programs to Improve Minority Health Status Should be Funded. Health Promotion, Disease Prevention, and Risk Reduction Should Be Areas of Special Emphasis.

- To reduce violence, the Departments of Public Health, Mental Health, and Social Services, working with the Human Services Cabinet Council, should launch a coordinated intergovernmental violence-prevention campaign.
 - Promote parenting skills programs to aid families in their childrearing efforts and encourage them to use non-violent discipline.
 - Develop and expand programs such as those in the Michigan Model for Comprehensive School Health Education to assist youth to learn non-violent conflict resolution skills and how to deal with stress, depression, anger, and suicidal feelings.
 - Expand pre-school education classes to reach minority three and four year olds throughout Michigan.
 - Encourage school programs that build children's selfesteem, independence, and hopefulness about their future.
 - Expand the summer jobs for youth program to reach all unemployed youth in the state.
- Programs dealing with environmental hazards should be expanded. The following actions should be taken:
 - Establish housing livability standards.

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- Assure the right of communities and workers to know about important environmental hazards, such as exposure to agricultural pesticides.
- Expand rodent control programs and control exposure to illegal toxic chemicals such as "roach milk."
- Reduce hazards of the indoor environment such as lead poisoning, asbestos and radon.
- New health promotion and curved efforts are slated to be funded under the Michigan (Public Act 258 of 1987). These new activities should remove benefit minority group members. Risk reduction program expansion is especially needed for drug, alcohol, and tobacco prevention and in hypertension and diabetes. The problem of AIDS is taking a disproportionate toll on minorities and special efforts will be needed. Adding new basic services in hypertension and diabetes will henefit minority populations.

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- Worksite wellness programs should target medium and small employers (under 500 employees) with high percentages of minorities in their work force.
- AIDS prevention and control programs should reach and benefit minority populations.
- Substance abuse prevention and control programs should give priority to minority populations.
- * Publicly funded food programs should provide culturally sensitive alternative foods to minority recipients. Economic and logistic barriers to obtaining food should be removed.
- Hypertension screening, referral and followup services and diabetes outpatient education should be designated as basic health services.
- * Assistance with payment for medications to clients with hypertension, diabetes, and other chronic conditions requiring medication should be provided.
- * Services to chronically ill children should be improved by establishing a functional birth defects registry and increasing family assessment and case management services.
- V. Awareness of Minority Health Concerns Should be Expanded and Educational Opportunities for Minorities in the Health Professions Should Be Increased.
 - A. A massive campaign to educate health providers and the general public about the gap in minority health status is needed. This campaign must be culturally and linguistically sensitive. Actions needed include:
 - * Develop and disseminate orientation materials for health service employees on the historical experiences and health needs of each racial minority group.
 - * Create a multi-media educational campaign on minority health status, giving special attention to counteracting the efforts of alcohol and tobacco companies who are targeting the minority community to increase sales.
 - B. Strong efforts are required to bring large numbers of minorities into the health care professions. Actions needed over the short-term include:
 - * Develop community coalitions to reduce high school drop out rates.
 - * Work with the State Board of Education to develop a plan



graduate level training for heard professions such as medicine, nursing, social work, nutrition and health education.

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- * Reinstitute the Master's of Public Health scholarship program for minority students at the University of Michigan School of Public Health.
- * Work with the Department of Civil Service to expand the pool of minority applicants for health careers in state government.
- * Continue to implement state Affirmative Action Programs to ensure that minority individuals are included as staff members at all levels of state government in proportion to their representation in the state population.
- VI. The Human Services Cabinet Council Should Work to Identify and Implement Additional Recommendations from Recent Task Forces and Advisory Bodies Which Impact on Minority Health.
- A. Many state task forces in recent years have addressed minority health issues. They include such diverse areas as Infant Mortality, Indian Health, Hispanic Needs Assessment, Black Children in Crisis, Adolescent Health, and others. Many of the recommendations in these reports have been implemented. However, the Human Services Cabinet Council should again review these documents and consider adopting additional recommendations. The Office of Minority Health should provide staff assistance for these activities.
 - B. In addition, the new Governor's Task Force on Access to Care should:
 - * Assure that the health service delivery system is sensitive to the cultural and linguistic needs of minority groups.
 - * Incorporate a specific focus on minority access to care.

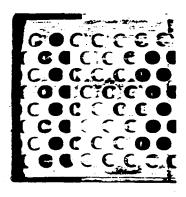
All of Michigan has a major stake in improving the health of the minority population. Our ability to be economically competitive in a highly technological society depends on good health and high educational levels in both the White and minority communities.

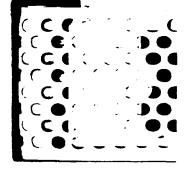
Copies of this Executive Summary Report or of the full report of the Task Force on Minority Health Affairs may be obtained by contacting:

Michigan Department of Public Health Office of Minority Health 3423 N. Logan, P.O. Box 30195 Lansing, MI 48909

Phone (517) 335-9287







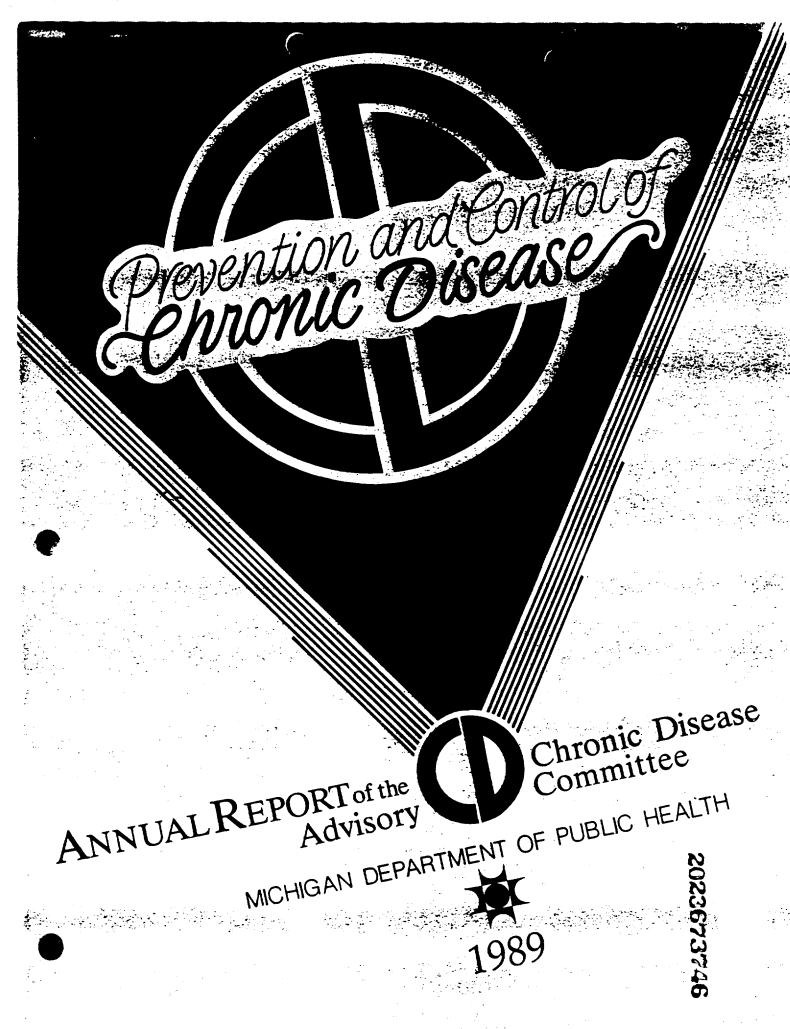
AUTHORITY: ACT 368 P.A. 1978, AS AMENDED

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"The Michigan Department of Public Health will not discriminate against any individual or group on the basis of race, color, religion, national origin or ancestry, age, sex, (or marital status) or handicap."

APPENDIX I

Chronic Disease Advisory Committee, 1989 Annual Report



Chronic Disease Advisory Committee: Executive Committee

Margaret A. Morrow, RN, Chair, Dowagiac

John C. Floyd, Jr., MD, Diabetes, Ann Arbor

Joyce Kortman, MRE, Diabetes, Holland

John Peirce, MD, Science, Grand Rapids

Linda Trowbridge, MSN, Public Member, Detroit

Larry Vert, Arthritis, East Lansing

Chronic Disease Advisory Committee: Membership

Erwin Bettinghaus, PhD, Cancer, East Lansing

Don E. Coleman, PhD, Pulmonary, Lansing

Roberta Cottman, RPT, Public Member, Southfield

Robert D. Gibson, MD, Public Member, Newberry

Sid Gilman, MD, Dementia, Ann Arbor

Victor Hawthorne, MD, Kidney Disease, Ann Arbor

Samuel Indenbaum, MD, Arthritis, Franklin

Karen Krzanowski, MA, Pulmonary, Okemos

Nancy Lombardo, PhD, Dementia, Bloomfield Hills

John D. McPhail, MA, CRC, Cardiovascular Disease, Lansing

Lawrence L. Murray, Jr., Aging, Grand Rapids

Sandra L. Peckens, Kidney Disease, Farmington Hills

G. Marie Swanson, PhD, Cancer, Detroit

James E. Trosko, PhD, Genetics, Okemos

Darlyne Underhill, PhD, Dental Health, Flint

Frank A. Verley, PhD, Public Member, Marquette

Park Willis, MD, Cardiovascular Disease, East Lansing

Ida Wise, Aging, Mendon

From the Chairperson

The Chronic Disease Advisory Committee had another productive year in 1989. The Arthritis Subcommittee sponsored a "Legislative Day for Arthritis." This was such a rousing success it will be an annual event. The Cancer Subcommittee and its Breast Cancer Task Force completed Breast Cancer Screening and Detection in Michigan: Recommendations to Reduce Mortality. The Michigan Tobacco Reduction Task Force worked hard all year to produce recommendations for reducing the use of tobacco products in Michigan. These recommendations are contained in the book Tobacco-Free Michigan 2000.

The Cardiovascular Disease Subcommittee of the CDAC is giving priority to developing recommendations for a statewide cardiovascular risk reduction plan. Its Cholesterol Subcommittee has completed Public Cholesterol Screening in Michigan: Interim Recommendations. The Dementia Subcommittee has already completed its state plan, Michigan Dementia Programs: Interim Recommendations.

A boost was received in the MDPH Dental program and CDAC Dental Subcommittee when two residents were assigned to MDPH. Needs assessments and continuation of dental services to school children residing in communities with few dental services are two of their projects.

The Diabetes Subcommittee has increased its membership by nine to build minority representation, to improve its geographic and professional diversity, and to include persons from diabetes support groups. Genetics Subcommittee members have been monitoring the implementation of the state mandated Newborn Screening Program. The Kidney Disease Subcommittee is reviewing its mission and constitution to better respond to state-of-the-art public health knowledge on prevention of kidney disease, which has recently become available.

Three grants were awarded by the Science Subcommittee through the Pathway to Health program. And, the new Spinal Cord/Traumatic Brain Injury Subcommittee has been very active in their first year in developing a statewide registry and resource directory.

in December, as study from the Centers for Disease Control was repeased which ranked Michigan as worst of all 50 states in terms of age adjusted chronic disease mortality. The DDAC's activities for 1990 lockude development of a State Chronic Disease Plan. Hopefully, and activities the disease Plan Hopefully, and all the plan through implementation of this plan over the next several years.



The CDAC's activities for 1990 include development of a State Chronic Disease Plan.

Arthritis

The Arthritis Subcommittee adds needed visibility at all levels of state government, primarily through the Chronic Disease Advisory Committee. The Subcommittee provides expertise and awareness through its membership from across the state.

The Osteoporosis Prevention Project is in its third year of funding. The overall goal of this four year project is to design tools and procedures to better identify women at risk for osteoporosis and develop, evaluate and disseminate an exercise and educational program to modify identified risk factors. Exercise protocols were developed during project year one and were evaluated using a randomized controlled study design during project year two. The written material for field testing. including instructor, participant, and training manuals is underway. An educational booklet, designed to help the public and health professionals identify persons at risk for osteoporosis and to promote the program at selected community sites will be revised during the third year. In order to insure that the benefits of the osteoporosis/arthritis initiative are maintained upon completion of the project, an Arthritis/Osteoporosis Advisory Committee will be established. This Advisory Committee will assist project staff in developing a plan for the ongoing implementation of the osteoporosis program.

On September 27th, the Subcommittee sponsored its first annual Legislative Day for Arthritis. The program included presentations on "Political and Economic Issues That Affect People with Arthritis," "Advocacy," "The History of the Arthritis Foundation Government Affairs Committee in Michigan" and "Legal Rights of Volunteers". Senator Phil Arthurhultz provided a stimulating keynote address. The program concluded with a trip to the Capitol and visits with Michigan legislators. Issues of legislative importance included arthritis awareness, the Osteoporosis Prevention Program and payment for nonsteroidal antiinflammatory drugs under Medicaid. The Legislative Day was such an enormous success that it will become an annual event.

Access to total care for persons with arthritis continues as a major issue. Barriers to care can be divided into the following areas: health insurance, inpatient care, outpatient health care services, specialized medical care, vocational rehabilitation services, Social Security services, re-

lated services for children and underserved arfritis populations. The National Arthritis Foundation Government Affairs Committee has produced a report on Access to Total Care for People with Arthritis, available on request.

An "Arthritis Plan" is being developed for presentation to the CDAC which would identify and evaluate public beautiff meds relative to arthritis in Michigan and alternative interventions for addressing those needs. An advisory committee is being selected which will represent the arthritis community. This plan, following its acceptance by the CDAC, should provide a framework for future program emphasis and public health policy development around arthritis.

In 1990, efforts will continue to build visibility for arthritis at all levels of state government. To accomplish that, there will be the need for continued support of the Osteoporosis Prevention Program along with practical applications, pending positive results, in the community setting. The completion of the Arthritis Plan and the continuation of an Arthritis Legislative Day will be focused on in 1990. Access to health care will remain an important issue. Solutions to access to health care problems will likely come as a result of coalition with other chronic disease interest groups.

Cancer

The Michigan Cancer Consortium (MCC) continues to provide cancer expertise and advice to the Department and the Cancer and Tobacco Unit. The MCC also serves as a vehicle for consensus-building on policies related to cancer control. Three meetings were held during 1989. In addition, the MCC has two very active Subcommittees which met frequently: the Breast Cancer Task Force (BCTF) and the Tobacco Reduction Task Force (TRTF). The BCTF was chaired by G. Marie Swanson, Ph.D. and cochaired by Janet Osuch, M.D. and Barbara Threatt, M.D. The TRTF was chaired by Erwin Bettinghaus, Ph.D. and co-chaired by Alberta Tinsley-Williams.

The Breast Cancer Task Force submitted for MCC approval its document: Breast Cancer

Screening and Detection in Michigan: Recommendations to Reduce Moltality; it was approved by the MCC in June. The document is targeted to health care providers and describes the coordinated system of care needed to increase the likelihood that Michigan women receive appropriate screening and detection services. It will be available for distribution in early 1990. The MCC and the BCTF actively supported five breast cancer bills introduced in early 1989 by Representative Maxine Berman and signed into law by Governor Blanchard in June, 1989.

The BCTF provided advice to the Department regarding implementation of the new Breast Cancer Mortality Reduction Program created by Public Act No. 56 of 1989, including the provisions for quality assurance in mammography facilities. The BCTF formed a work group to advise the Department about educational activities. During 1989, the BCTF's Professional and Public Education work group revised the Informed Consent booklet which is required by law to be given to every person newly diagnosed with breast cancer before treatment is initiated. This revised booklet is in the final stages of development and will be available in mid-1990.

The Michigan Tubacco Reduction Task Force was appointed by State Health Director Raj Wiener early in 1989. The THTF was made up of 45 individuals representing a broad range of organizations with an interest in tobacco reduction, including education, public health, labor, the medical, dental and nursing communities, state and local policy makers, and others. They were chosen for their interest and expertise, and also for their ability to bring about action in the organizations and communities they represent.

TRTF members developed more than 40 recommendations for reducing the use of tobacco produels in Michigan by half (i.e., to 15% or less) by the year 2000. The recommendations include strategies for preventing young people from developing tobacco habits and assisting current tobacco users to quit. Several recommendations also speak to the public health responsibility to protect nonsmokers from the toxic effects of environmental tobacco smoke. Strategies appropriate for local, state, and national levels are included, which together will make a significant impact on tebacco-related disease in Michigan. The TRTF presented its report. Tobacco-Free Michigan 2000 to Raj Wiener in November. The Director released the report to the public in January, 1990.



Governor Blanchard creates the Breast Cancer Mortality Reduction Program by signing PA 56 Into law

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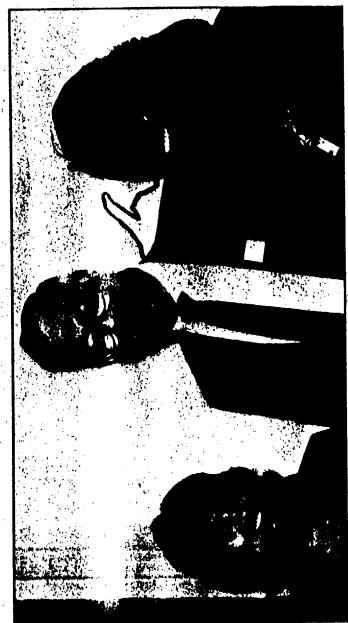
The MCC provided activities to the Carcer and Tobacco Unit regarding submission of its year three application to the National Carcer-Institute for continuation funding. The MCC made recommendations about the focus of the Request for Proposals for a grant award to be made by the Unit in September for research regarding breast cancer screening and detection in the worksite.

Barbara Titley, Ph.D., served as the MCC representative to the Department's Cervical Cytology Task Force, which is investigating issues related to cervical cytology examinations in Michigan. A set of recommendations in expected in early 1990.

In 1990, the MCC will continue to guide the Cancer and Tobacco Unit and the Department as

epolications are submitted for funding to conduct additional activities in cancer control, including the application in 1990 for a competitive renewal grant from the National Cancer Institute.

The MCC will advise the Department on actions to be taken based on the recommendations of the Convical Cytology Task Force. The MCC will continue to provide gatellation to the Topian and implement its statubrily required Breast Cancer Mortality Reduction Program and its new Tobacco Control Program, funded in 1989 by a grant from the Centeris for Disease Control. The MCC atso will continue to advise the Department regarding policies and strategies to reduce cancer mortality in accord with the goals for cancer control by the Department.



Michigan Department of Public Health Director, Raj M Wiener, congratutates the Chair Erwin Bettinghaus and Alberta Tinsley-Williams

Cardiovascular Disease

The Cardievascular Disease (CVD) Subcommittee of the CDAC makes program and policy recommendations regarding issues affecting the cardiovascular health of Michigan's citizens. The Committee addresses both the risk factors for cardiovascular disease and their relationship to other diseases.

Michigan continues to face a critical challenge to prevent the effects of cardiovascular disease. National and state reports have shown the following:

- Heart disease, the leading cause of death,
 was responsible for the deaths of 30,521
 Michigan residents in 1987 (the last year for which data are available). That was more than the number of deaths from the next four largest categories combined.
- Michigan has the second worst incidence of age-adjusted ischemic heart disease mortality in the nation.
- A Northwestern National Life Insurance Company (1989) ranked Michigan 48th worst of 50 states in relation to general health.
- Michigan is reported by the Centers for Disease Control to have the worst age-adjusted chronic disease mortality in the nation (1989).

To meet these challenges, the Cardiovascular Disease Committee is giving priority to developing recommendations for a statewide cardiovascular risk reduction plan. The plan will encompass priority target groups such as youth and minorities, as well as addressing the needs of the community as a whole. A Steering Committee has been selected and is charged with the development of the CVD plan. They currently are working on problem and resource documentation, mission and goal statements, as well as considering major issues such as limited resources, means of collaboration and evidence of efficacious interventions. It is anticipated that the plan will be released later in 1990.

The Cholesterol Subcommittee completed their task of developing recommendations for adult public cholesterol screening programs in Michigan. The report, Public Cholesterol Screening in Michigan: Interim Recommendations, was approved by the CVD Committee in the spring.

Since the ripport was approved. It has been disseminated to highlit-professionals, circulated to representatives of state, and federal agencies, and presented at two out-of-state conferences. Key areas discussed in the report are program



administration, participant recruitment, laboratory measurement, licensure/registration, safety and infection control, screening environment, staff training, participant education, referral and follow-up. The report advises strategies that would provide for safe, accurate, effective cholesterol screening programs and incorporates multifactor risk assessment into the recommendations.

Plans for 1990 include continued dissemination of this report, encouragement of legislative action, working with the legislature to translate report recommendations into law, and supporting training programs which follow procedures outlined in the report.

A growing concern about abuse of anabolic steroids in schools and the potential risk for cardiovascular disease led to the inclusion of questions about steroid use in the Fourth Annual Michigan-Department of Education High School Student Survey. An MDPH grant, through Pathway to Health, and additional support from the Michigan High School Athletic Association made this effort possible. Twelve high schools have participated, and results, due in early 1990, are being compiled through Project Outreach, of the Michigan Department of Education. Continuing concern about this problem has led to the passage of a bill, HB 4081, in the Michigan House of Representatives. This bill will prohibit use, distribution and possession of anabolic steroids under certain circumstances. The bill is currently in the Senate and is anticipated to be approved.



Dementia

Three laws were passed in Michigan in December, 1988, which established the Dementia Program of the Michigan Department of Public Health (MDPH). These laws require the Department to:

- develop plans for a statewide network of centers for the diagnosis and assessment of dementia (PL 443),
- plan a statewide brain autopsy service and tissue repository (PL 441), and

plan and implement a state registry of cromic dements (#1242)

The Dementia Solicentrome of the DIAG has completed its state plan, antitled willichigan Dementia Programs: Interim Recommendations, which putlines the strategies necessary for implementation of the MDPH Dementia Program. The next significant milestone will be to distribute copies of the state plan to all parties with a rule to play and an interest in the problem. Then, the Dementia Program staff will act to obtain consensus and support of the plan from the many persons and families struggling with dementia.

At the same time, more detailed plans are being formulated for each of the three major elements of the state program, carrying the state much further in implementing its program goals. The first of these, Dementia Postmortem Examination Program: Interim Recommendations for Michigan was published in December, 1989. The MDPH Office of Vital and Health Statistics is working to establish a pilot program to develop operating policies and rules for a statewide dementia registry. Finally, the detailed development of the diagnostic and assessment network will begin shortly.

The Dementia Program's achievements during 1989 include receiving its first legislative appropriation plus a full-time position; being awarded a grant of \$55,000 from the Pathway to Health Program of the CDAC to fund the start-up of the registry, and putting together a dedicated staff to take on the arduous tasks ahead. The Program also carried out the rule change necessary to add dementia to the Public Health Code list of chronic diseases, and assisted the University of Michigan Department of Neurology with its successful grant application for a national Alzheimer's Disease Research Center, totalling over \$6 million dollars over the next five years. Most importantly, the Program has offered a vehicle to many dedicated and hard working volunteers to design, develop and implement programs serving a previously unrecognized and underser**ved population: persons suffering from dementia** and their families.

Dental

The Dental Subcommittee Report, Dental Health in Michigan: Examining the Barriers, initiated an increased awareness of dental problems in the state. One result of this effort was the establishment of a Dental Residency Program at the Michigan Department of Public Health. Through the University of Michigan School of Public Health, two licensed dentists with master's degrees in public health have been assigned to MDPH as part of their residency requirement for board certification in the specialty of Public Health Dentistry. One of the residents is supported by Delta Dental Plan of Michigan, Inc., and the other through the University of Michigan.

One of the residents is surveying all local dental programs to identify services currently being provided, target populations, funding sources, and unmet needs in the area. The other resident is working with the Western Upper Peninsula District Health Department to ensure the continuation of dental services to school children in low dental manpower communities. Private funding is being sought to replace the current mobile dental unit, which is beyond repair.

Several Subcommittee members participated in a conference of local dental public health programs held at MDPH in September. This meeting provided a forum for the local programs to share information and assist the Department in long range planning to address the unmet needs in the state.

The Dental Subcommittee has targeted the following three goals for the coming year:

- To develop a five year plan of goals to assist the MDPH in prioritizing future program activities,
- To support the development of a resource directory of services and activities conducted throughout the state,
- To actively seek support for the establishment of a permanent dental residency program for the MDPH.

- Diabetes

The purpose of the Diabetes Policy Advisory Council (DPAC) is to function in an advisory capacity to the Department's statewide Diabetes Control Program (DCP) and to provide support for diabetes programs and related issues.

Council membership increased this year from 25 to 34 members. New members were added to increase minority representation on the DPAC, to improve its geographic and professional diversity, and to include individuals from the Juvenile Diabetes Foundation and diabetes support groups.

Gouncil members actively worked to support the American Diabetes Association's efforts to expand coverage under the Department's Crippled Children's Program to include all children with diabetes. Letters were sent from several DPAC members to legislators on this issue, and members also testified before the House Appropriations Committee. Several DPAC members offered testimony at statewide forums, sponsored by the Office of Health and Medical Affairs, on development of the new state health plan.

The DPAC also provided support for the effort to establish a Diabetes Education and Minority Health Coalition. The principal aims of the coalition effort are the establishment of a comprehensive service delivery system for diabetics with special emphasis on assuring access and availability of services to minorities, and including the designation of outpatient diabetes education as a basic health service, and ensuring that diabetes education services are linguistically and culturally appropriate in their design and delivery.

The Diabetes and Pregnancy Committee, a DPAC subcommittee, has sponsored educational programs around the state based on the Department's diabetes and pregnancy guidelines. The Committee has also been working on gaining additional endorsements for the guidelines. At the suggestion of the Committee, the Department is preparing a short flyer for patients on diabetes and pregnancy.

The Upper Peninsula Diabetes Outreach Network continues to be supported by the Department and this year, a contract was established with the Genesee County Health Department for the development of a network targeted at minority communities in the Flint area. In 1990, the DPAC will try to accomplish the bollowing:

- Advocate for broadening coverage of the Michigan Crippled Children's Diabetes Program and increased use of the broadened program by eligible persons.
- Encourage and support development of demonstration projects in the chronic complications of diabetes (i.e., eye disease).
- 3. Provide advice on and support efforts of the Diabetes Education and Minority Health Coalition.
- Maintain effective communication with and understanding of the Department of Public Health and its Diabetes Control Program.
- 5. Advocate for diabetes programs to the legislature.
- Interact with Congress and federal agencies, including the Centers for Disease Control in support of efforts to increase funding and improve outcomes for those with diabetes.
- 7. Promote consideration of the frail, high risk elderly as a target population.
- Support continued, adequate funding for UPDON and the newly established Urban Diabetes Network in Genesee County.

Genetics

The Genetics Disease Advisory Committee provides advice to the MDPH Bureau of Community Services on implementation of genetic education, diagnosis, screening, and counseling programs. A continuing goal is ensuring access to genetic diagnostic counseling, education, and newborn screening services to all residents of Michigan needing them.

The Committee supported the transfer of the Genetics/Newborn Screening Program from the Eastern Regional Division to the Division of Services to Crippled Children within the Bureau of

Community Services. The move was viewed as appropriate because of the following reasons:

- The statewide nature of the program;
- 2. A common focus on infants and children;
- 3. the provision of services through crippled
- 4. the need for a more climically oriented oversight of the program, and
- 5. because the primary relationships were within thospitals and other health care providers.

Therefore, the Genetics Unit was placed in the Clinical Consultation Section of the Division.

A major activity involves monitoring the implementation of the Newborn Screening Program, mandated by P.A. 14 of 1987. As of September 30, 1989, 341 infants have been diagnosed, including 193 with one of the hemoglobinopathies, 89 with hypothyroidism, and 65 with one of the metabolic disorders. The Committee continues to evaluate and suggest improvements to the current system of follow-up and referral to insure that infants with these disorders are found and treated. Supplemental federal funding of \$90,000 for improvement of newborn screening laboratory testing and follow-up was applied for and obtained.

Another activity was development and review of the Genetics and Newborn Screening Report requested by the legislature in House Bill 4341, Section 1112. The purpose of the report was to document and account for programs supported by the newborn screening fee. The fee is \$20.00 per birth, and funds were distributed to provide administration and follow-up (21%), laboratory testing (31%), medical management (41%), and the birth defects registry (7%). The report also contains a detailed cost/benefit analysis of the program.

Kidney Disease

eptember 8, 1989 marked the twertieth a versary of the Michigan Kidney Registry (MKR) The celebration involved a presentation by Friedrich K. Port, MD; Director, on the impact of the MKR on patient care in Michigan. In the reception that followed, guests were addressed by Joseph E. Johnson III, MD, Dean, University of Michigan Medical School, Raj M Wiener, JD, Director, Michigan Department of Public Health **Victor M. Hawtherne, MD, Chair, Kidney Disease** Advisory Committee (KDAC), Sidney Baskin, MD Past President, National Kidney Foundation of Michigan, and Darrell A. Campbell, Jr., MD, President, Transplantation Society of Michigan. Plaques were presented to Dr. Port from the National Kidney Foundation and MDPH.

The year was also notable for the completion of the final report to the federal Health Care Financing Administration on the five year study of the relative effectiveness and costs of transplantation and dialysis in end-stage renal disease. Based on Michigan Kidney Registry (MKR) data, this study, for which the KDAC had acted as the scientific advisory committee, included assessment of quality of life, as well as survival experience and dollar costs associated with the different modalities of care. The findings, when released, will place Michigan as a leader once again in the public health aspects of the control and prevention of kidney disease. The report will provide the basis for programs of primary prevention to delay or arrest progress to end-stage renal disease and also for programs of secondary prevention to reduce mortality, especially from coronary heart disease after the onset of end-stage renal disease.

1989 also marked the publication of the first annual report of the United States Renal Data System, whose content and concepts were largely developed here in Michigan. The success of the Michigan Kidney Registry attracted the attention of the Urban Institute, a private non-profit organization for policy research and education, and the two institutions jointly responded to a National Institutes of Health request for proposals to develop a national registry for kidney patients. Kidney health intelligence will now play a wider and more significant role in other states.

In anticipation of availability of these rich new informational resources, a review was conducted of the mission and the constitution of the KDAC is

peing restractured. The aim was to provide the means to respond to new leads emerging from the HCFA and other studies. These will include athric disparities in organ distribution and patient survival, as well as education in prevention. Since summer 1989, a small steering committee has extensively reviewed the purposes and composition of the kind of activities that could be undertaken by the KDAC to fully apply the new public edge en kidne vidleeese. Results of his review should be ready by mid-1990. As well as keeping the Michigan scientific community in the forefront, the prime aim will continue to be to serve the medical and psychosocial needs of the Michigan patient

Science

Given the promise of realistic approaches to extending both the number of years and the quality of life, health leaders in the Michigan legislature requested development of a process for considering alternative approaches and program priorities in chronic disease/ from the standpoint of: health promotion scientific merit, cost and effectiveness, the number of citizens that could benefit, and the time needed to obtain results.

The Pathway to Health program supports a process whereby potentially beneficial interventions can be given careful scientific scrutiny. The process is guided by a Scientific Review Panel of the CDAC. New program initiatives, review of existing activities, and debate of chronic disease problems are all provided for in this program. The CDAC has invited problem statements as well as discourse on plans, programs, and chronic disease priorities. Based on the Scientific Review Panel's recommendations, the CDAC makes funding recommendations to the Department's Division of Research and Development. Grants and agreements for approved small projects are then completed, and any large scale programming recommendations can be forwarded to the State Health Director for consideration in future budget requests:

During 1989, the Science Subcommittee reviewed six proposals. Of these, three were recommended for funding under Pathway to Health. After these recommended projects were presented to the full CDAC and they were approved the grants were awarded.

A study conducted by Project Outreach, Michigan Department of Education, will measure the prevalence of anabolic steroid use among Michigan high school athletes. This study has potentially important implications for such chronic diseases as stroke, cancer, and heart disease. The data for this study have been collected, entered into a computer system, and analyzed. A report of the findings is currently being prepared.

The Michigan Cancer Foundation was funded to conduct the "Self-Help, Minimal Contact Smoking Cessation Program." This program will be offered in sites easily accessed by community residents. It proposes to demonstrate that professional and lay leaders can be trained to continue this method of smoking cessation programming, and that community residents will participate in these sessions. It is specifically aimed toward minority, low income persons wishing to stop smoking (although all persons requesting this program will be welcomed). The pilot testing for training volunteer facilitators for this program has been completed. The response to this pilot study training was exceptional; also, this resulted in modification of the program and evaluation instruments. A second group of volunteer facilitators is being trained in February. Two separate smoking cessation groups have also been offered, as a result of smokers calling the Michigan Cancer Foundation and asking for help. Agencies and institutions have also called, wishing to refer clients to this program. This level of interest is very encouraging, given that publicity for the program won't begin until the facilitators are trained.

Finally, a pilot project was funded to create a Registry for Alzheimer's and Other Dementing Diseases. A list and description of reportable diagnoses to be collected by the registry has been compiled and refined. A working draft of a report form which contains the minimum data set for state dementia registries has also been completed, with assistance from researchers at Henry Ford Hospital and the University of Michigan Hospitals. A manual to accompany this reporting form is also finished. A working draft of the form for reporting autopsy results, and a manual to standardize this reporting have also

been completed. A data entry program is curzently being developed, based on current draft
forms. The data management, analysis and
storage systems are also being developed.
Contacts have been made with researchers and
clinicians to begin the pilot project at Henry Ford
Hospital, the University of Michigan Hospitals,
and St. Lawrence Hospital. A letter of intent to
participate in the pilot project has also been
received from William Beaumont Hospital. The
data collection portion of this project will begin in
the very near future.

Spinal Cord/Traumatic Brain Injury

Public Act 122 of 1988 mandated that the Michigan Department of Public Health establish a registry to record information concerning cases of spinal cord injuries (SCI) and traumatic brain injuries (TBI) that occur in Michigan. In addition, PA 122 requires that a sixteen member Spinal Cord/Traumatic Brain Injury Advisory Committee (SCTBIAC) be created as a standing subcommittee of the Chronic Disease Advisory Committee, with the following responsibilities:

- Determine the elements, scope and quality
 of a SCI/TBI registry and provide advice and
 expertise to the Department regarding research and other activities related to both
 the prevention of SCI/TBI and support for
 individuals suffering from SCI/TBI.
- Review compiled epidemiological data regarding SCI/TBI and recommend and advocate appropriate prevention and control measures.
- 3 Provide interested parties with a comprehensive and annually updated list of health care providers and health facilities that specialize in SCI/TBI treatment and other appropriate services.
- 4. Serve as an effective advocate for individuals with SCI/TBI in all government decisions.
- Report biennially to the legislature on the activities of the advisory committee.

The SCTBIAC met quarterly, starting in April, to carry out the mandated responsibilities. Three subcommittees were formed to address specific issues and tasks:

- Services: Responsible for the creation and dissemination of the Health Care Provider/ Facility Directory,
- Scientific/Research: Responsible for establishing injury definitions, registry content, reporting rules and forms, and quality control, in addition to making recommendations for SCI/TBI prevention and control,
- Advocacy/Policy: Responsible for advocacy activities and policy recommendations.

Bylaws were forwarded from the SCTBIAC to the CDAC in July.

Services: In interpreting and carrying out its directive to develop and disseminate a health care provider/facility directory, Subcommittee members determined that it would be necessary to collect information from potential providers, since no comprehensive and up-to-date listing currently exists. A mailing list was compiled from lists submitted by Subcommittee members. A questionnaire was developed for data collection which focused on the critical data elements that would provide the most useful information for intended users, such as organizational contacts and basic services provided. The questionnaire was finalized and is ready to be formatted and printed in an optical scan format.

The Services Subcommittee will continue to seek additional funding to support questionnaire printing and mailing, and directory printing and dissemination. Once sufficient funds are available, the computerized database will be created and plans for directory dissemination will be finalized.

Scientific/Research: Injury definitions for future registry reporting rules are being drafted for review by the Michigan Hospital Association and

the SCTBIAC. Drafts of reporting forms have been constituted; however, forms cannot be finalized until the reporting scheme and variables have been determined by the committee.

The rules will be distributed to SCTBIAC members for their comments and final approval. The rules will then be submitted to the MDPH to begin the official rule approval process. Public hearings will be exhecuted for the spring of 1990. Meanwhile reporting forms and training manuals will be developed and distributed to the reporting hospitals. Training sessions will be held at several sites in the state prior to the rules taking effect.

Advocacy/Policy: The main issues addressed are advocacy and funding. Members will be preparing their constituents to present comments in support of the rules at the public hearings. A rule analysis is being prepared which describes the rationale, pros and cons, and costs of implementation of the registry for distribution to people who are interested in attending the hearings.

A FY 1991 budget was proposed and sent to the MDPH with a request that it be included in the Department's 1991 budget proposal.

During the next year, members will continue to prepare constituents for public hearings around the state and will continue to seek additional sources of funding for the registry and directory. A member will be appointed to keep abreast of activities in Washington, D.C., that affect SCI/TBI survivors and their families.

The Public Health Code of 1978 mandated the establishment of a Chronic Disease Advisory Committee (CDAC), which is charged with advising and assisting the Department of Public Health in implementing Part 54, Chronic Diseases.

A chronic disease is defined as "an impairment or deviation from normal, having one or more of the following characteristics: is permanent, leaves disability, or requires rehabilitation or long periods of care."

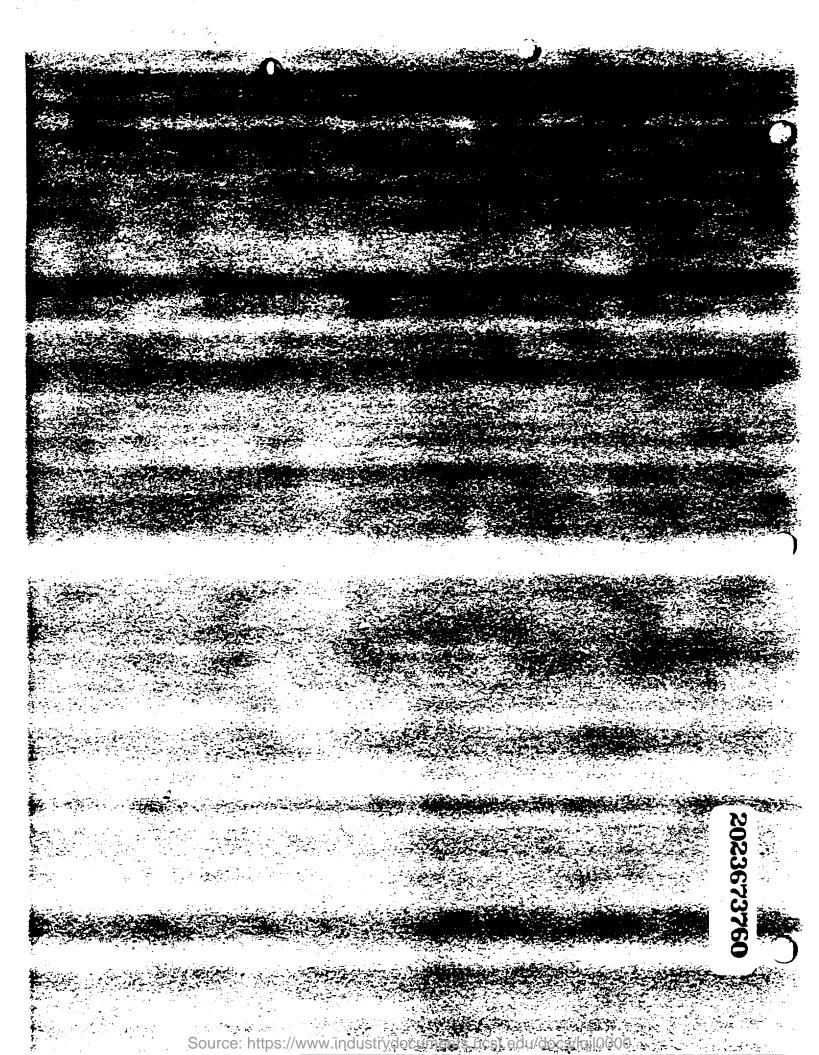
The Committee is appointed by the Governor, with the consent of the Senate, and serves at the pleasure of the Governor." The current committee is comprised of 24 members. There are both professionals and consumers in the group; strong efforts are made to assure broad representation by professional discipline and geographic area.

The Committee includes persons who represent various chronic disease constituencies. Arthritis, cancer, cardiovascular disease, dementia, dental health, diabetes, genetic disease, kidney disease, pulmonary disease, and spinal cord/traumatic brain injury. In addition, one member represents the health sciences and several members represent the consuming public. Representation would be extended to include any other disease designated as a "chronic disease" by the Michigan Department of Public Health.

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Authority: Act 368, P.A., 1978, as amended HP-124

"The Michigan Department of Public Health will not discriminate against any individual or group on the basis of race, color, religion, national origin or ancestry, age, sex, (or marital status), or handicap".



WELFURIY W

Michigan Cancer Consortium membership list

MICHIGAN CANCER CONSORTIUM

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APPENDIX N

ACS Strategic Directions Task Force Report

DIRECTIONS TO BEGIN THE DECADE OF THE 90's

Strategic Directions Task Force





MISSION STATEMENT

The American Cancer Society is the nationwide voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives from cancer, and diminishing suffering from cancer through research, education and service.

Strategic Directions A Commitment To Progress



Beginning The 90's ... Directions

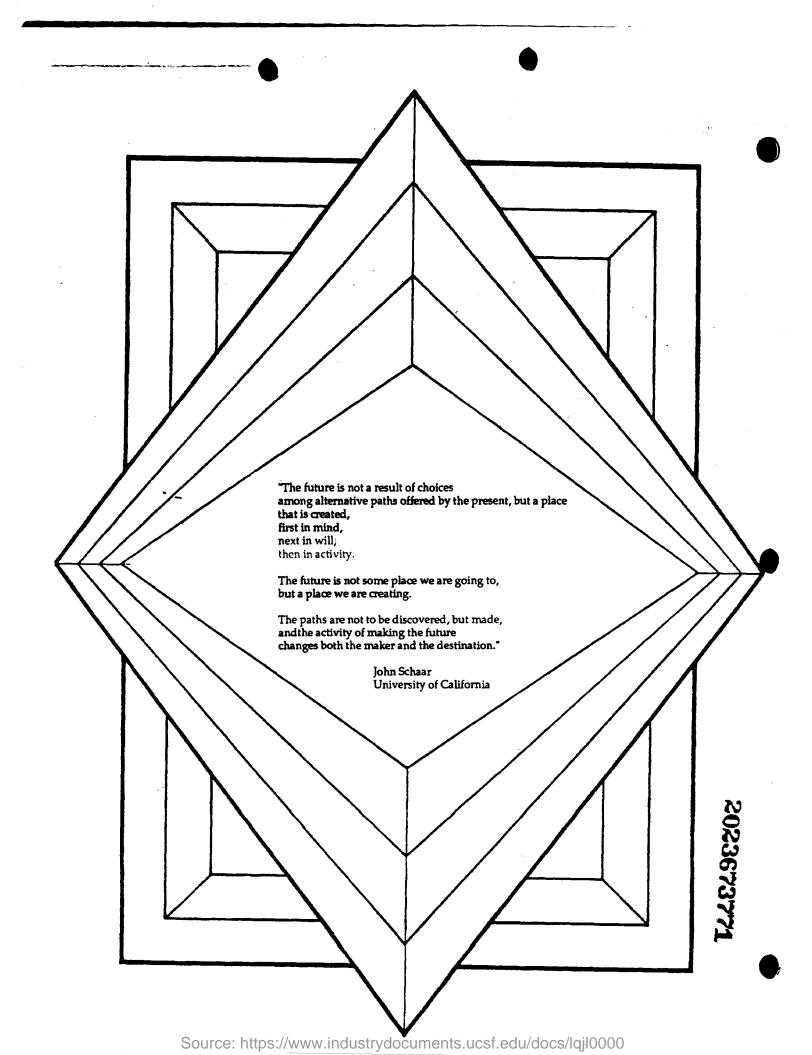
DIRECTIONS TO BEGIN THE DECADE OF THE 1990's

The Strategic Directions Task Force

I. Introduction

The Reason
The Process

- II. Challenging Issues
- III. Strategic Directions
- IV. Other Considerations
- V. Where Do We Go From Here?
- VI. A Call To Action
- VII. Appendix



Report of the Strategic Directions Task Force AMERICAN CANCER SOCIETY Michigan Division, Inc.

STRATEGIC DIRECTIONS PURPOSE

The Michigan Division's current organizational structure has not undergone a radical change since it was incorporated in 1946. Although the Division has been successful through the years, the rate of growth in program and fund raising activities has not kept pace with the demands upon the Society. To maintain a course of excellence, volunteer leadership has identified the need to develop a coordinated plan of action to guide the direction of the Division as we begin the 1990's.

The usefulness of this plan depends on identification of the strategic issues the Michigan Division should address for the future and a willingness to develop proactive strategies. Success lies in the commitment of volunteers and staff to examining the value of operating in the same manner as in the past: to retain activities that are productive; and to change activities which no longer meet the needs of the people of Michigan.

When the membership of the Michigan Division is involved in realistic planning for the future, the ability for orderly growth is enhanced. This Division therefore, commits its resources to this purpose.

The Beginning

Our Division began its search for Strategic Directions with the most comprehensive study of our current activities ever undertaken.

- ♦ Unit Presidents
- ♦ Unit board members (both medical and lay),
- ♦ staff, and
- the public

were involved. This provided a base of information from our most important constituents. A core committee of American Cancer Society volunteers was appointed to provide objective direction throughout the process. A larger group of volunteers and staff from throughout the Division were asked to review our

- ♦ mission,
- ♦ internal environment,
- ♦ external environment,
- strengths,
- ♦ weaknesses,
- ♦ threats, and
- ♦ opportunities

- ♦ the Division's performance in fund raising:
- the survey of our Unit officer, committee chairs, and staff;
- the results of personal interviews with Unit volunteers and staff;
- ♦ Michigan's social, demographic and economic trends;
- ♦ cancer incidence and mortality in Michigan; and
- ♦ other cancer groups.

This led to the definition of challenging issues and the selection of our Strategic Directions.

CHALLENGING ISSUES

These issues provide both challenges and opportunities to our organization and must be addressed in our future plans. The Strategic Directions Task Force identified several issues that challenge our organization.

Focus of Activities:

To understand that we cannot be all things to all people while at the same time carrying cut the same time carrying and the same time carrying and the same time carrying as the leader in cancer control.

Identity:

While the American Cancer Society is by far the most widely known conter organization by many, the public lacks this wiedge of our community presence and activities.

Income:

Current levels of income growth are inadequate to support future programs of Research, Education, and Service.

Advocacy:

Understanding that the legislative process opens new opportunities for the American Cancer Society to support cancer patients and their families.

STRATEGIC DIRECTIONS to begin the 1990's

- 1. To improve cancer prevention and detection through achievement of the following:
 - A. Reducing tobacco use,
 - B. Creating an environment encouraging more people to follow the American Cancer Society recommendations for early detection with specific emphasis currently on cancer of the breast and cervix, and
 - C. Modifying dietary habits of the public in accordance with the nutritional recommendations of the American Cancer Society.
- 2. To become an effective grassroots political organization advocating cancer prevention and to provide support for cancer patients and their families.
- 3. To implement an aggressive marketing plan which effectively communicates the mission of the American Cancer Society and expands our fund raising potential.
- 4. To define the meaning of services and evaluate current and potential services in the context of those definitions, and recommend services to be provided.

STRATEGIC DIRECTION #1



- reducing tobacco use.
- creating an environment of the property of the control of the c
- modify dietary habits of the public in a content with the nutritional recommendations of the American Cancer Society.

Ultimately RESEARCH will win the war on cancer. Although we need to support the American Cancer Society research programs more than ever before, prevention, risk reduction, and early detection programs can reduce cancer incidence in the near term. We need to effect changes in diet and lifestyle. Dramatic decreases in mortality have occurred with specific cancers. However, the big killers, lung cancer and breast cancer, continue to increase. Today Americans are 15 percent more likely to develop cancer than they were in 1973 and 5 percent more likely to die of the disease. Lung, bladder, oral, and pharyngeal cancer are epidemiologically related to tobacco use. The above emphasis on breast and cervical cancer reflects the proven success of known early detection tests in an environment of increasing incidence.

Research has shown the preventative effects of other lifestyle habits including eating fruits, vegetables, high fiber foods, Vitamins A and C, regular exercise, and avoiding obesity and the ingestion of smoked, salt and nitrite-cured meats and fat. Many common cancers in Michigan, (lung, breast, colon, bladder, oral cavity, stomach, cervix, prostate, and larynx) can be diminished by (1) no tobacco and (2) good nutrition. Obviously, the above three directions will take continued education, both personally and legislatively, including the medical community. Coincidentally, the National American Cancer Society has chosen tobacco and nutrition as major strategic initiatives for the 1990's.

STRATEGIC DIRECTION #2

become an effective grassnotes political organization advocating tencer-prevention and to provide support for cancer patients and their families.

We feel this is a very important arena. Many issues of cancer health care will be solved only by participating in the inevitable legislative battles. Legislative initiatives on our part will help us to address problems of the socioeconomically disadvantaged, identify means of access to health care, challenge limitations of insurance benefits and encourage cooperation with other health agencies.

References: Group discussion of Unit volunteers and staff, October 12, 1989 meeting; Dr. Daniel Williams' survey of Division staff and volunteers, 1990.)

STRATEGIC DIRECTION #3

... implement an aggressive marketing plan which effectively communicates the mission of the American Cancer Society and expands our fund raising potential.

The committee recommends using our strong Michigan American Cancer Society researchers as an integral part of the marketing plan. The survey of American Cancer Society volunteers and staff indicated that a majority view us as a research oriented organization. We must market our organizational image like a competitive business to remain the leader in cancer control. A strong marketing plan will influence every aspect of the organization and ultimately the Division's ability to raise the dollars to continue to be a strong influence in the prevention of cancer in the state of Michigan.

We are competing intensely with numerous other charitable organizations for limited dollars. We must clarify our image to the public and choose where we can best raise money. We have not approached businesses with mutually beneficial plans. Businesses and foundations can provide a major source of funds. The Division can assist the Units who are bound by county border limitations. Special events are important, but they often are staff intensive with modest results. We are too dependent upon repeated events which drain the energies of staff and sponsors.

References: Group discussion of Unit volunteers and staff, October 12, 1989, meeting; Dr. Daniel Williams' survey of Division staff and volunteers, 1990; Arthur Andersen & Co. report of the Michigan Division, Inc., 1989.)

STRATEGIC DIRECTION #4

... define the meaning of patient services and evaluate current and potential services in the context of the definitions, and recommend services to be provided.

· Lander

Do we fulfill our mission statement as a service organization? If the Division says we serve and we do not, then we undermine our credibility, and ultimately our total mission. The growth in direct patient services by other organizations leads us to question our current service program. Direct and indirect services need definition, evaluation, and quality control procedures. This subject is beyond our scope at this time. After evaluation, the service part of our mission may need to be restated.

OTHER CONSIDERATIONS

On carrying out these strategic directions, the Strategic Directions Task Force encourages the Michigan Division to consider the following:

- A. The use of modern technology and communication tools.
- B. A revised organizational structure which is more task and goal oriented.
- C. Increased training of staff and volunteers.
- D. More collaboration with other health organizations, including the two federally designated comprehensive cancer centers in Michigan.
- E. Effective program evaluation.

WHERE DO WE GO FROM HERE?

A task force should be assigned to each strategic direction to develop:

- 1. Action plans to include
 - a. objectives or goals
 - b. time lines
- 2. Objective measurements of
 - a. success
 - b. failure
- 3. Annual re-evaluation of each strategic direction

A CALL TO ACTION

Strategic Directions have given us direction and focus.

The Strategic Directions Task Force has identified key issues and priorities for the American Cancer Society, Michigan Division, Inc. Underlying it is a desire to save lives and reduce the suffering cancer causes. The strategic directions have given us a focus. They have clearly identified how our organization is to begin the decade ahead. Now is the time for the most important work of making our directions a reality in Michigan.

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Consultant

Cancer Incidence and Mortality in the Four Groups of the American Cancer Society, Michigan Division for 1985-87

At the request of the Strategic Directions Task Force, the Michigan Department of Public Health calculated incidence and mortality rates for the ten most common cancer sites for the four American Cancer Society Groups (regions) in Michigan. These data provide us with background information for planning and development of cancer prevention and control programs in Michigan. Cancer incidence and mortality data for 1985-87 are utilized in the report to the Strategic Directions Task Force and in the profile which follows.

For each of the four Groups, the most common newly-diagnosed cancers are breast, lung, prostate, colon, and bladder. Deaths due to cancer in each of these Groups occur most often from cancers of the lung, breast, prostate, colon, and stomach. Looking at cancer rates for the total population in these Groups, we observe some variation across the Groups. For example, the lung cancer incidence rate ranges from 63 per 100,000 persons in Group 1 to 38 per 100,000 in Group 3; the incidence of stomach cancer ranges from a rate of 9 per 100,000 in Group 1 to 4 per 100,000 in Group 3. There is little difference across the Groups in the incidence and mortality of cancers of the colon or larynx.

When we look at the data for men and women separately, we see greater variation in the cancer incidence and mortality patterns across the four Groups. Among women, breast cancer has the highest incidence of any cancer, occurring at rates nearly three times higher than lung cancer in each of the four Groups. Mortality rates for cancers of the breast and lung are similar, with lung cancer deaths slightly higher than breast cancer deaths in Groups 2 and 4; however, mortality due to breast cancer is higher than lung cancer mortality in Groups 1 and 3. Group 4 has the highest rate of cervical cancer. This is an observation that one would not expect, since higher rates of cervical cancer are usually found in urban populations, in populations of low socioeconomic status, and among blacks. The incidence rate of invasive cervical cancer in Group 4 is 17% higher than the rate in Group 1. As observed among males, cancers of the oral cavity are second highest in Group 4.

Among males, cancers of the prostate and lung occur at the highest rates in Group 1 (95 per 100,000 for lung, 94 for prostate) and Group 2 (74 per 100,000 for lung and 86 for prostate). These two regions encompass all the major urban areas in Michigan. Colon cancer also is highest in Group 1 for males (43 per 100,000), but Group 4 ranks second in incidence for this site (40 per 100,000). The most surprising observation is that Group 4 has the highest incidence of cancers of the urinary bladder among males. This cancer is known to be associated with occupational exposure, especially in manufacturing industries, and with cigarette smoking. Thus, one would expect the rates to be higher in Group 1, which includes many manufacturing industries. Group 4 also ranks high (second of the four Groups) for cancers of the oral cavity and larynx. Both of these cancers are known to be associated with excessive alcohol consumption. Oral cavity cancers also are associated with the use of chewing tobacco or snuff.

Overall, for most incident cancers, the highest rates are observed in Group 1—the region containing the largest urban areas of Michigan. This is the pattern one would expect, since most cancers occur at higher rates among urban populations than among rural populations.

The high rates of cancers of the urinary bladder and larynx among males, of cancers of the oral cavity among both males and females, and of cervical cancers among females in Group 4 provides some very specific leads for programs in cancer education, prevention, and screening. The known risk factors include excessive alcohol consumption for cancers of the larynx and oral cavity, use of chewing tobacco or snuff for cancers of the oral cavity, and cigarette smoking and occupational exposures for cancers of the urinary bladder. The high rate of cervical cancer in Group 4 also suggests the need for improved screening in this population.

In all regions, the cancers responsible for the greatest morbidity and mortality are cancers of the breast, lung, colon, and prostate. These data support the need for improved utilization of breast cancer screening in the Michigan population, for programs in tobacco use prevention and cessation that encompass both cigarette smoking and chewing tobacco or snuff, and for education regarding dietary risk factors for specified forms of cancer.

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